

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W. R. Grace & Co., et al
Debtor

Case No. 01-01139 Jointly Administered
Reporting Period: December 2006

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|--|-----------------|--------------------------|-------------------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | X | - |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | | | See attached Attestation Form |
| Copies of bank statements | | | See attached Attestation Form |
| Cash disbursements journals | | | Not available |
| Statement of Operations | MOR-2 | X | |
| Balance Sheet | MOR-3 | X | |
| Status of Postpetition Taxes | MOR-4 | X | |
| Copies of IRS Form 6123 or payment receipt | | | Not available |
| Copies of Federal income tax returns filed during reporting period | | | None filed |
| Summary of Unpaid Postpetition Debts | MOR-4 | | See Note #4 |
| Listing of aged accounts payable | | | See Note #4 |
| Accounts Receivable Reconciliation and Aging | MOR-5 | X | |
| Debtor Questionnaire | MOR-5 | X | |


I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

29 January 2007

Date

Robert M. Tarola

Printed Name of Authorized Individual

Senior Vice President and
Chief Financial Officer

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

W. R. Grace & Co.
Monthly Financial Report
December 31, 2006

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Monthly Operating Report

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Combined Chapter 11 Filing Entity Statements

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Bank Statements

See attached
Attestation Form

Federal Income Tax Returns

none

Forward-Looking Information

This monthly financial report contains forward-looking information that involves risks and uncertainties. For such information, Grace claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from the results predicted, and reported results should not be considered as a indication of future performance. Factors that could cause actual results to differ from those contained in the forward-looking information include those factors set forth in Grace's most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q, which have been filed with the Securities Exchange Commission.

Statement of Confidentiality

The information contained in the monthly financial report contains confidential information of W. R. Grace & Co. and its subsidiaries (the "Confidential Information"). The Confidential Information has been prepared solely for information purposes and may not be disclosed to any person or entity or reproduced, disseminated or disclosed, in whole or in part, except to officers, directors, employees, and representatives of the recipient ("Representatives") or as required by applicable law or regulation. By receipt of the Confidential Information, each recipient agrees to (1) use the Confidential Information only to enhance its understanding of Grace and its businesses, and (2) inform its Representatives of the confidential nature of such information and direct them to treat such information in accordance with the terms. Each recipient agrees to be responsible for any breach of these provisions by any of its Representatives.

Monthly Operating Report

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | J.P. Morgan Chase: Disbursement | First Union Deposit Acct | First Union Payroll | Merrill Lynch Investment | Bank of America Lockbox | J.P. Morgan Chase Holding | J.P. Morgan Chase Concentration |
|--|------------------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|------------------------------|------------------------------------|
| | 9101013572 | 2198500021812 | 2079900003815 | 3323735 | 6186703107 | 323223141 | 18001257 |
| CASH BEGINNING OF MONTH | \$ 135,562 | \$ 1 | \$ - | \$ 122,255,301 | \$ 10,335 | \$ 792,844 | \$ 2,011,585 |
| RECEIPTS | | | | | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | | | | (7,508) | | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | | | | | | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | | | | | | |
| DIP BORROWINGS | | | | | | | |
| TRANSFERS IN - THIRD PARTIES | | 468,718 | | 581,388 | | 10,449 | 9,478,440 |
| TRANSFERS IN - NONFILING ENTITIES | | | | | | | 18,872,141 |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | 100,000 | | | 76,500,000 | | | 173,838,383 |
| MISCELLANEOUS | | 297,385 | | | | | |
| TOTAL RECEIPTS | 100,000 | 764,083 | - | 77,081,388 | (7,508) | 10,449 | 201,886,974 |
| DISBURSEMENTS | | | | | | | |
| PAYROLL | | | | | | | |
| PAYROLL TAXES | | | | | | | |
| TRADE PAYABLES - THIRD PARTIES | | | | | | | 872,554 |
| TRADE PAYABLES - INTERCOMPANY | | | | | | | |
| ACCOUNT SECURITIZATION | | | | | | | |
| PAYMENTS AS SERVICER FOR GRPI | | | | | | | |
| DIP PRINCIPAL REPAYMENTS | | | | | | | |
| DIP INTEREST AND USAGE FEES | | | | | | | 202,288 |
| TRANSFERS OUT - THIRD PARTIES | 188,598 | | | | | | 3,378,772 |
| TRANSFERS OUT - NONFILING ENTITIES | | | | | | | 3,024,803 |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | | 948,044 | | 23,800,000 | | | 194,948,198 |
| MISCELLANEOUS | | | | | | | |
| TOTAL DISBURSEMENTS | 188,598 | 948,044 | - | 23,800,000 | - | - | 202,228,615 |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | (88,598) | (183,961) | - | 53,281,388 | (7,508) | 10,449 | (239,841) |
| CASH - END OF MONTH | \$ 48,964 | \$ (183,960) | \$ - | \$ 175,536,690 | \$ 2,827 | \$ 803,294 | \$ 1,771,924 |

Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | Bank of America Lockbox 6188203114 | Bank of America Securities LLC 22330134 | First Union Concentration 2000000282172 | First Union Payroll 2079900016741 | First Union Petty Cash 2079900005600 | First Union Libby Medical 2079900065008 |
|--|--|---|---|---|--|---|
| CASH BEGINNING OF MONTH | \$ 664,167 | \$ 38,841,937 | \$ - | \$ 2 | \$ - | \$ - |
| RECEIPTS | | | | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | 54,260,020 | | | | | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | 2,526,206 | | | | | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | | | | | |
| DIP BORROWINGS | | | | | | |
| TRANSFERS IN - THIRD PARTIES | | 171,848 | | | | |
| TRANSFERS IN - NONFILING ENTITIES | 6,235,100 | | | | | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | | | 117,200,000 | 18,508,228 | | 206,729 |
| MISCELLANEOUS | | | | | | |
| TOTAL RECEIPTS | 63,021,326 | 171,848 | 117,200,000 | 18,508,228 | - | 206,729 |
| DISBURSEMENTS | | | | | | |
| PAYROLL | | | | 11,530,081 | | |
| PAYROLL TAXES | | | | 7,940,822 | | |
| TRADE PAYABLES - THIRD PARTIES | | | | | | |
| TRADE PAYABLES - INTERCOMPANY | | | | | | |
| ACCOUNT SECURITIZATION | | | | | | |
| PAYMENTS AS SERVICER FOR GRPI | | | | | | |
| DIP PRINCIPAL REPAYMENTS | | | | | | |
| DIP INTEREST AND USAGE FEES | | | | | | |
| TRANSFERS OUT - THIRD PARTIES | 84,228 | | | | | 206,729 |
| TRANSFERS OUT - NONFILING ENTITIES | 1,780,627 | | | | | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | 59,111,823 | | 114,123,650 | | | |
| MISCELLANEOUS | | | 3,076,350 | 37,325 | | |
| TOTAL DISBURSEMENTS | 60,976,677 | - | 117,200,000 | 18,508,228 | - | 206,729 |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | 2,044,649 | 171,848 | - | - | - | - |
| CASH - END OF MONTH | \$ 2,708,816 | \$ 39,813,786 | \$ - | \$ 2 | \$ - | \$ - |

Note #1

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | First Union Accts Payable 207982000578 | First Union Payroll 20799000067554 | Wachovia Lockbox 1888-062535 | First Union Accts payable 2079900005260 | First Union Accts Payable 2079900005231 | SunTrust Payroll 00000141309 | PNC Payroll 4002841360 | Fidelity Nat Disbursement 101391210 | JP Morgan Chase Lockbox 304619494 |
|--|--|--|------------------------------------|---|---|------------------------------------|------------------------------|---|---|
| CASH BEGINNING OF MONTH | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 45,248 | \$ 24,380 | \$ 10,000 | \$ 452,653 |
| RECEIPTS | | | | | | | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | | | | | | | | 45,056,824 |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | | | | | | | | 13,986,246 |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | | | | | | | | |
| DIP BORROWINGS | | | | | | | | | |
| TRANSFERS IN - THIRD PARTIES | | | | | | | | | |
| TRANSFERS IN - NONFILING ENTITIES | | | | | | | | | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | 54,103,179 | | | 2,418,200 | 37,887,314 | | | | |
| MISCELLANEOUS | 363,426 | | | | 3,084,197 | | | | |
| TOTAL RECEIPTS | 54,466,605 | - | - | 2,418,200 | 40,971,481 | - | - | - | 59,042,870 |
| DISBURSEMENTS | | | | | | | | | |
| PAYROLL | | | | | | | | | |
| PAYROLL TAXES | | | | | | | | | |
| TRADE PAYABLES - THIRD PARTIES | (a) 54,466,605 | | | 1,808,321 | 40,971,481 | | | | |
| TRADE PAYABLES - INTERCOMPANY | | | | | | | | | |
| ACCOUNT SECURITIZATION | | | | | | | | | |
| PAYMENTS AS SERVICER FOR GRPI | | | | | | | | | |
| DIP PRINCIPAL REPAYMENTS | | | | | | | | | |
| DIP INTEREST AND USAGE FEES | | | | | | | | | |
| TRANSFERS OUT - THIRD PARTIES | | | | | | | 33 | | |
| TRANSFERS OUT - NONFILING ENTITIES | | | | | | | | | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | | | | | | | | | 59,185,159 |
| MISCELLANEOUS | | | | 611,878 | | | | | |
| TOTAL DISBURSEMENTS | 54,466,605 | - | - | 2,418,200 | 40,971,481 | - | 33 | - | 59,185,159 |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | - | - | - | - | - | - | (33) | - | (122,289) |
| CASH - END OF MONTH | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 45,248 | \$ 24,327 | \$ 10,000 | \$ 330,364 |

Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

(a) These disbursements include Libby Indictment, legal, and indemnification costs of \$2,530,171.

| | | | | | |
|---|------------------------------|--|---|---|--|
| W. R. Grace & Co. - Conn | | | | | |
| Schedule of Cash Receipts and Disbursements | | | | | |
| MOR-1 | | | | | |
| December 2006 | | | | | |
| | Amest Payroll 18288657 | First Union Petty Cash 2040000016900 | Banco de Credito Operating Acct 1831115122056 | Banco de Credito Operating Acct 1831126963172 | Banco Interam de Finanzas 007000107847 |
| CASH BEGINNING OF MONTH | \$ - | \$ - | \$ 17,953 | \$ 952,235 | \$ 33,129 |
| RECEIPTS | | | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | | 17,541 | 859,122 | - |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | | - | 102,432 | - |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | | - | - | - |
| DIP BORROWINGS | | | - | - | - |
| TRANSFERS IN - THIRD PARTIES | | | 261,193 | 23,298 | - |
| TRANSFERS IN - NONFILING ENTITIES | | | - | - | - |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | | | - | - | - |
| MISCELLANEOUS | | | - | - | - |
| TOTAL RECEIPTS | - | - | 278,733 | 784,852 | - |
| DISBURSEMENTS | | | | | |
| PAYROLL | | | 13,994 | - | - |
| PAYROLL TAXES | | | 43,416 | - | 1,514 |
| TRADE PAYABLES - THIRD PARTIES | | | - | - | - |
| TRADE PAYABLES - INTERCOMPANY | | | - | 914,020 | - |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | | - | - | - |
| DIP PRINCIPAL REPAYMENTS | | | - | - | - |
| DIP INTEREST AND USAGE FEES | | | - | - | - |
| TRANSFERS OUT - THIRD PARTIES | | | 147,375 | 280,000 | 27,178 |
| TRANSFERS OUT - NONFILING ENTITIES | | | - | - | - |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | | | - | - | - |
| MISCELLANEOUS | | | 44,391 | 14,865 | 4,437 |
| TOTAL DISBURSEMENTS | - | - | 249,176 | 1,189,005 | 33,129 |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | - | - | 29,557 | (404,153) | (33,129) |
| CASH - END OF MONTH | \$ - | \$ - | \$ 47,510 | \$ 548,083 | \$ - |

Note #1

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | Banco Interam de Eranzas 1000107707 | Banco Sudamer Operatng Acc 1022025125 | Banco Sudamer Operatng Acc 10220260 | Cash in Transit | Cash on Hand | Other |
|---|---|---|---|--------------------|-----------------|--------------|
| CASH BEGINNING OF MONTH | \$ 24,340 | \$ - | \$ (1) | \$ 1 | \$ 33,728 | \$ 66,332 |
| RECEIPTS | | | | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | - | | | 2,717,310 | | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | - | | | 9,410 | | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | - | | | | | |
| DIP BORROWINGS | - | | | | | |
| TRANSFERS IN - THIRD PARTIES | - | | | | | |
| TRANSFERS IN - NONFILING ENTITIES | - | | | | | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | - | | | | | |
| MISCELLANEOUS | | | | | | 2,751,011 |
| TOTAL RECEIPTS | - | - | - | 2,726,720 | - | 2,751,011 |
| DISBURSEMENTS | | | | | | |
| PAYROLL | - | | | | | |
| PAYROLL TAXES | - | | | | | |
| TRADE PAYABLES - THIRD PARTIES | - | | | | | |
| TRADE PAYABLES - INTERCOMPANY | - | | | | | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | - | | | | | |
| DIP PRINCIPAL REPAYMENTS | - | | | | | |
| DIP INTEREST AND USAGE FEES | - | | | | | |
| TRANSFERS OUT - THIRD PARTIES | 20,832 | | | | | |
| TRANSFERS OUT - NONFILING ENTITIES | - | | | | | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | - | | | | | |
| MISCELLANEOUS | 3,514 | | | | | |
| TOTAL DISBURSEMENTS | 24,346 | - | - | - | - | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | (24,346) | - | - | 2,726,720 | - | 2,751,011 |
| CASH - END OF MONTH | \$ - | \$ - | \$ (1) | \$ 2,726,721 | \$ 33,728 | \$ 2,817,343 |

Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

| W. R. Grace & Co. - Conn | | |
|---|----------------|-----------|
| Schedule of Cash Receipts and Disbursements | | |
| MOR-1 | | |
| December 2006 | | |
| | CURRENT MONTH | |
| | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ 167,171,696 | \$ - |
| RECEIPTS | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | 102,703,108 | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | 16,624,294 | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | - | |
| DIP BORROWINGS | - | |
| TRANSFERS IN - THIRD PARTIES | 10,991,334 | |
| TRANSFERS IN - NONFILING ENTITIES | 25,107,241 | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | 481,662,044 | |
| MISCELLANEOUS | 6,495,969 | |
| TOTAL RECEIPTS | 643,483,990 | - |
| DISBURSEMENTS | | |
| PAYROLL | 11,644,076 | |
| PAYROLL TAXES | 7,985,762 | |
| TRADE PAYABLES - THIRD PARTIES | 97,916,960 | |
| TRADE PAYABLES - INTERCOMPANY | 914,020 | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | - | |
| DIP PRINCIPAL REPAYMENTS | - | |
| DIP INTEREST AND USAGE FEES | 202,288 | |
| TRANSFERS OUT - THIRD PARTIES | 4,311,745 | |
| TRANSFERS OUT - NONFILING ENTITIES | 4,805,430 | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | 452,096,874 | |
| MISCELLANEOUS | 3,792,881 | |
| TOTAL DISBURSEMENTS | 583,670,026 | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | \$9,913,964 | - |
| CASH - END OF MONTH | \$ 227,085,660 | \$ - |

Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

W.R. Grace & Co.

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | JP Morgan Chase Pass Through 323881963 | CURRENT MONTH | |
|---|--|---------------|-----------|
| | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ 59,715 | \$ 59,715 | \$ - |
| RECEIPTS | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | - | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | - | |
| DIP BORROWINGS | | - | |
| TRANSFERS IN - THIRD PARTIES | | - | |
| TRANSFERS IN - NONFILING ENTITIES | | - | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | 1,148,198 | 1,148,198 | |
| TOTAL RECEIPTS | 1,148,198 | 1,148,198 | - |
| DISBURSEMENTS | | | |
| PAYROLL | | - | |
| PAYROLL TAXES | | - | |
| TRADE PAYABLES - THIRD PARTIES | | - | |
| TRADE PAYABLES - INTERCOMPANY | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | - | |
| DIP PRINCIPAL REPAYMENTS | | - | |
| DIP INTEREST AND USAGE FEES | | - | |
| TRANSFERS OUT - THIRD PARTIES | | - | |
| TRANSFERS OUT - NONFILING ENTITIES | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | 1,207,913 | 1,207,913 | |
| MISCELLANEOUS | | - | |
| TOTAL DISBURSEMENTS | 1,207,913 | 1,207,913 | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | (59,715) | (59,715) | - |
| CASH - END OF MONTH | \$ - | \$ - | \$ - |

Remedium Group, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | J/P Morgan Chase Depository Wire 323883842 | J/P Morgan Chase Disbursement 601831885 | Other | CURRENT MONTH | |
|---|--|---|-------|---------------|-----------|
| | | | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ - | \$ (311,672) | \$ - | \$ (311,672) | \$ - |
| RECEIPTS | | | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | | | - | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | | | - | |
| DIP BORROWINGS | | | | - | |
| TRANSFERS IN - THIRD PARTIES | 3,410,984 | | | 3,410,984 | |
| TRANSFERS IN - NONFILING ENTITIES | | | | - | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | 2,287,677 | 1,210,089 | | 3,497,746 | |
| TOTAL RECEIPTS | 5,698,661 | 1,210,089 | - | 6,908,730 | - |
| DISBURSEMENTS | | | | | |
| PAYROLL | | | | - | |
| PAYROLL TAXES | | | | - | |
| TRADE PAYABLES - THIRD PARTIES | | | | - | |
| TRADE PAYABLES - INTERCOMPANY | | | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | | | - | |
| DIP PRINCIPAL REPAYMENTS | | | | - | |
| DIP INTEREST AND USAGE FEES | | | | - | |
| TRANSFERS OUT - THIRD PARTIES | | 1,375,209 | | 1,375,209 | |
| TRANSFERS OUT - NONFILING ENTITIES | | | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | 5,698,661 | | | 5,698,661 | |
| MISCELLANEOUS | | | | - | |
| TOTAL DISBURSEMENTS | 5,698,661 | 1,375,209 | - | 7,073,870 | |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | - | (165,140) | - | (165,140) | |
| CASH - END OF MONTH | \$ - | \$ (476,812) | \$ - | \$ (476,812) | \$ - |

Darex Puerto Rico, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | Check/Operating Acct 300153011 | Petty Cash | Other | Cash In-Transit | CURRENT MONTH | |
|---|-----------------------------------|---------------|-------|-----------------|---------------|-----------|
| | | | | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ 6,789,085 | \$ - | \$ - | \$ - | \$ 6,789,085 | \$ - |
| RECEIPTS | | | | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | 553,407 | | | | 553,407 | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | | | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | | | | - | |
| DIP BORROWINGS | | | | | - | |
| TRANSFERS IN - THIRD PARTIES | | | | | - | |
| TRANSFERS IN - NONFILING ENTITIES | | | | | - | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | 316,022 | | | | 316,022 | |
| TOTAL RECEIPTS | 869,430 | - | - | - | 869,430 | - |
| DISBURSEMENTS | | | | | | |
| PAYROLL | 6,693 | | | | 6,693 | |
| PAYROLL TAXES | 2,611 | | | | 2,611 | |
| TRADE PAYABLES - THIRD PARTIES | 202,522 | | | | 202,522 | |
| TRADE PAYABLES - INTERCOMPANY | | | | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | | | | - | |
| DIP PRINCIPAL REPAYMENTS | | | | | - | |
| DIP INTEREST AND USAGE FEES | | | | | - | |
| TRANSFERS OUT - THIRD PARTIES | | | | | - | |
| TRANSFERS OUT - NONFILING ENTITIES | | | | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | 316,022 | | | | 316,022 | |
| MISCELLANEOUS | | | | | - | |
| TOTAL DISBURSEMENTS | 527,848 | - | - | - | 527,848 | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | 341,581 | - | - | - | 341,581 | - |
| CASH - END OF MONTH | \$ 7,130,667 | \$ - | \$ - | \$ - | \$ 7,130,667 | \$ - |

| Grace International Holdings | | | |
|--|---|---------------|-----------|
| Schedule of Cash Receipts and Disbursements | | | |
| MOR-1 | | | |
| December 2006 | | | |
| | Grace International Holdings 323138524 | CURRENT MONTH | |
| | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ - | \$ - | \$ - |
| RECEIPTS | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | - | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | - | |
| DIP BORROWINGS | | - | |
| TRANSFERS IN - THIRD PARTIES | | - | |
| TRANSFERS IN - NONFILING ENTITIES | 27,204,539 | 27,204,539 | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | | - | |
| TOTAL RECEIPTS | 27,204,539 | 27,204,539 | - |
| DISBURSEMENTS | | | |
| PAYROLL | | - | |
| PAYROLL TAXES | | - | |
| TRADE PAYABLES - THIRD PARTIES | | - | |
| TRADE PAYABLES - INTERCOMPANY | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | - | |
| DIP PRINCIPAL REPAYMENTS | | - | |
| DIP INTEREST AND USAGE FEES | | - | |
| TRANSFERS OUT - THIRD PARTIES | | - | |
| TRANSFERS OUT - NONFILING ENTITIES | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | 27,204,539 | 27,204,539 | |
| MISCELLANEOUS | | - | |
| TOTAL DISBURSEMENTS | 27,204,539 | 27,204,539 | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | | - | - |
| CASH - END OF MONTH | \$ - | \$ - | \$ - |

| | | | |
|---|---|---------------|-----------|
| CC Partners | | | |
| Schedule of Cash Receipts and Disbursements | | | |
| MOR-1 | | | |
| December 2006 | | | |
| | First Union Deposit Acct: 2198500031802 | CURRENT MONTH | |
| | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ - | \$ - | \$ - |
| RECEIPTS | | | |
| | No Activity | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | - | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | - | |
| DIP BORROWINGS | | - | |
| TRANSFERS IN - THIRD PARTIES | | - | |
| TRANSFERS IN - NONFILING ENTITIES | | - | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | | - | |
| TOTAL RECEIPTS | | - | - |
| DISBURSEMENTS | | | |
| PAYROLL | | - | |
| PAYROLL TAXES | | - | |
| TRADE PAYABLES - THIRD PARTIES | | - | |
| TRADE PAYABLES - INTERCOMPANY | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | - | |
| DIP PRINCIPAL REPAYMENTS | | - | |
| DIP INTEREST AND USAGE FEES | | - | |
| TRANSFERS OUT - THIRD PARTIES | | - | |
| TRANSFERS OUT - NONFILING ENTITIES | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | | - | |
| MISCELLANEOUS | | - | |
| TOTAL DISBURSEMENTS | | - | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | | - | - |
| CASH - END OF MONTH | \$ - | \$ - | \$ - |

Kootenai Development Company

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | First National Bank of Montana 1049097 | CURRENT MONTH | |
|---|--|---------------|-----------|
| | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ 60,288 | \$ 60,288 | \$ - |
| RECEIPTS | | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | - | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | - | |
| DIP BORROWINGS | | - | |
| TRANSFERS IN - THIRD PARTIES | | - | |
| TRANSFERS IN - NONFILING ENTITIES | | - | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | | - | |
| TOTAL RECEIPTS | - | - | - |
| DISBURSEMENTS | | | |
| PAYROLL | | - | |
| PAYROLL TAXES | | - | |
| TRADE PAYABLES - THIRD PARTIES | | - | |
| TRADE PAYABLES - INTERCOMPANY | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | - | |
| DIP PRINCIPAL REPAYMENTS | | - | |
| DIP INTEREST AND USAGE FEES | | - | |
| TRANSFERS OUT - THIRD PARTIES | 13,849 | 13,849 | |
| TRANSFERS OUT - NONFILING ENTITIES | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | | - | |
| MISCELLANEOUS | | - | |
| TOTAL DISBURSEMENTS | 13,849 | 13,849 | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | (13,849) | (13,849) | - |
| CASH - END OF MONTH | \$ 46,439 | \$ 46,439 | \$ - |

Grace Europe, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | Barclays Bank P/C | CURRENT MONTH | |
|---|----------------------|---------------|-----------|
| | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ - | \$ - | \$ - |
| RECEIPTS | | | |
| | No Activity | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | - | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | - | |
| DIP BORROWINGS | | - | |
| TRANSFERS IN - THIRD PARTIES | | - | |
| TRANSFERS IN - NONFILING ENTITIES | | - | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | | - | |
| TOTAL RECEIPTS | - | - | - |
| DISBURSEMENTS | | | |
| | | | |
| PAYROLL | | - | |
| PAYROLL TAXES | | - | |
| TRADE PAYABLES - THIRD PARTIES | | - | |
| TRADE PAYABLES - INTERCOMPANY | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | - | |
| DIP PRINCIPAL REPAYMENTS | | - | |
| DIP INTEREST AND USAGE FEES | | - | |
| TRANSFERS OUT - THIRD PARTIES | | - | |
| TRANSFERS OUT - NONFILING ENTITIES | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | | - | |
| MISCELLANEOUS | | - | |
| TOTAL DISBURSEMENTS | - | - | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | - | - | - |
| CASH - END OF MONTH | \$ - | \$ - | \$ - |

Gloucester New Communities Company, Inc.
Schedule of Cash Receipts and Disbursements
MOR-1
December 2006

| | Cash On Hand | CURRENT MONTH | |
|---|-----------------|---------------|-----------|
| | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ 500 | \$ 500 | \$ - |
| RECEIPTS | | | |
| | No Activity | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | - | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | - | |
| DIP BORROWINGS | | - | |
| TRANSFERS IN - THIRD PARTIES | | - | |
| TRANSFERS IN - NONFILING ENTITIES | | - | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | | - | |
| TOTAL RECEIPTS | - | - | - |
| DISBURSEMENTS | | | |
| PAYROLL | | - | |
| PAYROLL TAXES | | - | |
| TRADE PAYABLES - THIRD PARTIES | | - | |
| TRADE PAYABLES - INTERCOMPANY | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | - | |
| DIP PRINCIPAL REPAYMENTS | | - | |
| DIP INTEREST AND USAGE FEES | | - | |
| TRANSFERS OUT - THIRD PARTIES | | - | |
| TRANSFERS OUT - NONFILING ENTITIES | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | | - | |
| MISCELLANEOUS | | - | |
| TOTAL DISBURSEMENTS | - | - | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | - | - | - |
| CASH - END OF MONTH | \$ 500 | \$ 500 | \$ - |

Dewey & Almy, LLC

Schedule of Cash Receipts and Disbursements

MOR-1

December 2006

| | Miscellaneous | CURRENT MONTH | |
|---|---------------|---------------|-----------|
| | | ACTUAL | PROJECTED |
| CASH BEGINNING OF MONTH | \$ - | \$ - | \$ - |
| RECEIPTS | | | |
| | No Activity | | |
| ACCOUNTS RECEIVABLE - THIRD PARTIES | | - | |
| ACCOUNTS RECEIVABLE - INTERCOMPANY | | - | |
| ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI | | - | |
| DIP BORROWINGS | | - | |
| TRANSFERS IN - THIRD PARTIES | | - | |
| TRANSFERS IN - NONFILING ENTITIES | | - | |
| TRANSFERS IN - FILING ENTITY CASH ACCOUNTS | | - | |
| TOTAL RECEIPTS | - | - | - |
| DISBURSEMENTS | | | |
| PAYROLL | | - | |
| PAYROLL TAXES | | - | |
| TRADE PAYABLES - THIRD PARTIES | | - | |
| TRADE PAYABLES - INTERCOMPANY | | - | |
| ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI | | - | |
| DIP PRINCIPAL REPAYMENTS | | - | |
| DIP INTEREST AND USAGE FEES | | - | |
| TRANSFERS OUT - THIRD PARTIES | | - | |
| TRANSFERS OUT - NONFILING ENTITIES | | - | |
| TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS | | - | |
| MISCELLANEOUS | | - | |
| TOTAL DISBURSEMENTS | - | - | - |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | - | - | - |
| CASH - END OF MONTH | \$ - | \$ - | \$ - |

December 31, 2006

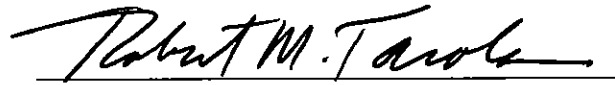
Office of the United States Trustee

Subject: Attestation Regarding Bank Account Reconciliations

The debtor, W. R. Grace & Co, et al, hereby submits this attestation regarding bank account reconciliations in lieu of providing copies of bank statements and copies of all account reconciliations.

The debtor has, on a timely basis, performed all bank account reconciliations in the ordinary course of business. Copies of bank account statements and reconciliations are available for inspection upon request by the United States Trustee's Office.

GRACE



Name: Robert M. Tarola
Position: Senior Vice President and
Chief Financial Officer

Sworn to and Subscribed
before me on this 29th
day of January, 2007.



V. BRIDGET SARIKAS
NOTARY PUBLIC STATE OF MARYLAND
County of Montgomery
My Commission Expires February 1, 2011

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended December 31, 2006

| | W.R. Grace & Co. Conn. | W.R. Grace & Co. | Remedium Group, Inc. | CCHP, Inc. | CC Partners | Grace Washington Inc. | Litigation Management Inc. | Grace Europe, Inc. | L.B. Realty, Inc. |
|---|---------------------------|---------------------|-------------------------|------------------|-------------------|-----------------------------|----------------------------------|-----------------------|-------------------|
| Net sales to third parties | \$ 75,977,510 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net sales to non-filing entities | 21,195,656 | - | - | - | - | - | - | - | - |
| Net sales to filing entities | 487,316 | - | - | - | - | - | - | - | - |
| Interest and royalties from non-filing entities, net | 20,052,044 | - | - | - | - | - | - | - | - |
| Interest and royalties from filing entities, net | (5,778,372) | 4,364,628 | 617,627 | 19,173 | 845,233 | - | 2,602,915 | - | - |
| | 111,934,154 | 4,364,628 | 617,627 | 19,173 | 845,233 | - | 2,602,915 | - | - |
| Cost of goods sold to third parties | 46,524,067 | - | (7,548) | - | - | - | - | - | - |
| Cost of goods sold to non-filing entities | 18,352,935 | - | - | - | - | - | - | - | - |
| Cost of goods sold to filing entities | 430,785 | - | - | - | - | - | - | - | - |
| Selling, general and administrative expenses | (a) 28,537,651 | 255,825 | 6,166 | 1,570 | 1,570 | 46,349 | - | - | - |
| Research and development expenses | 3,321,029 | - | - | - | - | - | - | - | - |
| Depreciation and amortization | 4,605,666 | - | 2,197 | - | - | - | - | - | - |
| Interest expense | 5,719,378 | - | - | - | - | - | - | - | - |
| Other expense (income) | (4,855,228) | - | - | - | - | - | - | - | - |
| Chapter 11 reorganization expenses, net | 10,365,211 | - | - | - | - | - | - | - | - |
| | 102,636,283 | 255,825 | 816 | 1,570 | 1,570 | 46,349 | - | - | - |
| (Loss) income before income taxes, minority interest and equity in net income of non-filing | 9,297,872 | 4,108,803 | 616,811 | 17,603 | 843,663 | (46,349) | 2,602,915 | - | - |
| (Provision for) benefit from income taxes | 5,130,497 | (1,438,081) | (216,107) | (6,161) | (295,281) | (27,528) | (911,021) | (1,892) | - |
| Minority interest in income of subsidiary | - | - | - | - | - | - | - | - | - |
| Equity in net income of non-filing entities | - | - | - | - | - | - | - | - | - |
| Net (loss) income | \$ 14,428,369 | \$ 2,670,722 | \$ 400,704 | \$ 11,442 | \$ 548,382 | \$ (73,877) | \$ 1,691,894 | \$ (1,892) | \$ - |

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

(a) Amount includes \$861,079 of expenses for Grace's legal and indemnification costs related to the Libby indictment. \$254,516 of this amount relates specifically to the indemnification costs of the seven current and former employees under indictment.

W.R. Grace & Co. - Chapter 11 Filing Entities

Combining Statement of Operations

MOR - 2

Month Ended December 31, 2006

| | Grace International Holdings, Inc. | Darex Puerto Rico, Inc. | Alewya Land Corporation | Alewya Boston, Ltd. | Five/Alewya Boston, Ltd. | GN Holdings, Inc. | MRA Holdings Corp. | MRA Intermedco, Inc. | MRA Slating Systems, Inc. |
|--|--|----------------------------|----------------------------|------------------------|-----------------------------|----------------------|-----------------------|----------------------------|------------------------------|
| Net sales to third parties | \$ - | \$ 387,101 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net sales to non-filing entities | - | - | - | - | - | - | - | - | - |
| Net sales to filing entities | - | - | - | - | - | - | - | - | - |
| Interest and royalties from non-filing entities, net | 1,098,972 | - | - | - | - | - | - | - | - |
| Interest and royalties from filing entities, net | (1,246,203) | (1,425,000) | - | - | - | - | - | - | - |
| | (147,231) | (1,037,899) | - | - | - | - | - | - | - |
| Cost of goods sold to third parties | - | 234,258 | 3,817 | - | - | - | - | - | - |
| Cost of goods sold to non-filing entities | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to filing entities | - | 25,200 | - | - | - | - | - | - | - |
| Selling, general and administrative expenses | - | 258,802 | 217,540 | - | - | - | - | - | 1,570 |
| Research and development expenses | - | - | - | - | - | - | - | - | - |
| Depreciation and amortization | - | 85,480 | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Other expense (income) | (496,218) | - | - | - | - | - | - | - | - |
| Chapter 11 reorganization expenses, net | - | - | - | - | - | - | - | - | - |
| | (496,218) | 603,740 | 221,357 | - | - | - | - | - | 1,570 |
| (Loss) income before income taxes, minority interest and equity in net income of non-filing | 348,987 | (1,641,639) | (221,357) | - | - | - | - | - | (1,570) |
| (Provision for) benefit from income taxes | 625,080 | 908,127 | 77,475 | - | - | - | - | - | 550 |
| Minority interest in income of subsidiary | - | - | - | - | - | - | - | - | - |
| Equity in net income of non-filing entities | - | - | - | - | - | - | - | - | - |
| Net (loss) income | \$ 974,068 | \$ (733,512) | \$ (143,882) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (1,020) |

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended December 31, 2006

| | Kootenai Development Company | CB Biomedical, Inc. | Amicon, Inc. | Grace Environmental Inc. | Grace Chemical Company of Cuba | Southern Oil Resin & Fiberglass, Inc. | Guinea- Carbet Land Development Corporation | Dewey & Almy LLC | A-1 Bit & Tool Co., Inc. |
|--|------------------------------------|------------------------|--------------|--------------------------------|---|---|--|---------------------|-----------------------------|
| Net sales to third parties | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net sales to non-filing entities | - | - | - | - | - | - | - | - | - |
| Net sales to filing entities | - | - | - | - | - | - | - | - | - |
| Interest and royalties from non-filing entities, net | - | - | - | - | - | - | - | - | - |
| Interest and royalties from filing entities, net | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to third parties | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to non-filing entities | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to filing entities | - | - | - | - | - | - | - | - | - |
| Selling, general and administrative expenses | 13,849 | - | - | - | - | - | - | - | - |
| Research and development expenses | - | - | - | - | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Other expense (income) | 1,079,100 | - | - | - | - | - | - | - | - |
| Chapter 11 reorganization expenses, net | - | - | - | - | - | - | - | - | - |
| | 1,092,949 | - | - | - | - | - | - | - | - |
| (Loss) income before income taxes, minority interest and equity in net income of non-filing | (1,092,949) | - | - | - | - | - | - | - | - |
| (Provision for) benefit from income taxes | 382,532 | - | - | - | - | - | - | - | - |
| Minority interest in income of subsidiary | - | - | - | - | - | - | - | - | - |
| Equity in net income of non-filing entities | - | - | - | - | - | - | - | - | - |
| Net (loss) income | \$ (710,417) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended December 31, 2006

| | Grace Tarpon Investors, Inc. | G.C. Limited Partners, L.P. | Monolith Enterprises Incorporated | Grace Culinary Systems, Inc. | Grace Hotel Services Corporation | Monroe Street Inc. | Grace H.G. Inc. | Hanover Square Corporation | Ecarg, Inc. |
|--|---------------------------------|--------------------------------|---|---------------------------------|--|-----------------------|-----------------|----------------------------------|-------------|
| Net sales to third parties | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net sales to non-filing entities | - | - | - | - | - | - | - | - | - |
| Net sales to filing entities | - | - | - | - | - | - | - | - | - |
| Interest and royalties from non-filing entities, net | - | - | - | - | - | - | - | - | - |
| Interest and royalties from filing entities, net | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to third parties | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to non-filing entities | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to filing entities | - | - | - | - | - | - | - | - | - |
| Selling, general and administrative expenses | - | - | - | - | - | - | - | - | - |
| Research and development expenses | - | - | - | - | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Other expense (income) | - | - | - | - | - | - | - | - | - |
| Chapter 11 reorganization expenses, net | - | - | - | - | - | - | - | - | - |
| (Loss) income before income taxes, minority interest and equity in net income of non-filing | - | - | - | - | - | - | - | - | - |
| (Provision for) benefit from income taxes | - | - | - | - | - | - | - | - | - |
| Minority interest in income of subsidiary | - | - | - | - | - | - | - | - | - |
| Equity in net income of non-filing entities | - | - | - | - | - | - | - | - | - |
| Net (loss) Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended December 31, 2006

| | W.R. Grace Land Corporation | G.C. Management Inc. | Water Street Corporation | Del Taco Restaurants Inc. | W.R. Grace Capital Corporation | Gloucester New Communities Company, Inc. | Creative Food N. Fun Company | Grace P&R Corporation | Grace A-B Inc. |
|--|-----------------------------------|----------------------------|-----------------------------|---------------------------------|--------------------------------------|---|------------------------------------|--------------------------|----------------|
| Net sales to third parties | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net sales to non-filing entities | - | - | - | - | - | - | - | - | - |
| Net sales to filing entities | - | - | - | - | - | - | - | - | - |
| Interest and royalties from non-filing entities, net | - | - | - | - | - | - | - | - | - |
| Interest and royalties from filing entities, net | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to third parties | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to non-filing entities | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to filing entities | - | - | - | - | - | - | - | - | - |
| Selling, general and administrative expenses | - | - | - | - | - | - | - | - | - |
| Research and development expenses | - | - | - | - | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Other expense (income) | - | - | - | - | - | - | - | - | - |
| Chapter 11 reorganization expenses, net | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| (Loss) income before income taxes, minority interest and equity in net income of non-filing | - | - | - | - | - | - | - | - | - |
| (Provision for) benefit from income taxes | - | - | - | - | - | - | - | - | - |
| Minority interest in income of subsidiary | - | - | - | - | - | - | - | - | - |
| Equity in net income of non-filing entities | - | - | - | - | - | - | - | - | - |
| Net (loss) income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended December 31, 2006

| | Homco International Inc. | GPC Thomasville Corp. | Grace Ventures Corp. | Grace Energy Corporation | GEC Management Corporation | Grace Offshore Company | Coalgrace Inc. | Grace A-B-I Inc. | Grace H-G-I Inc. |
|--|--------------------------------|-----------------------------|-------------------------|-----------------------------|----------------------------------|------------------------------|----------------|---------------------|---------------------|
| Net sales to third parties | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net sales to non-filing entities | - | - | - | - | - | - | - | - | - |
| Net sales to filing entities | - | - | - | - | - | - | - | - | - |
| Interest and royalties from non-filing entities, net | - | - | - | - | - | - | - | - | - |
| Interest and royalties from filing entities, net | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to third parties | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to non-filing entities | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to filing entities | - | - | - | - | - | - | - | - | - |
| Selling, general and administrative expenses | - | - | - | - | - | - | - | - | - |
| Research and development expenses | - | - | - | - | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Other expense (income) | - | - | - | - | - | - | - | - | - |
| Chapter 11 reorganization expenses, net | - | - | - | - | - | - | - | - | - |
| (Loss) income before income taxes, minority interest and equity in net income of non-filing | - | - | - | - | - | - | - | - | - |
| (Provision for) benefit from income taxes | - | - | - | - | - | - | - | - | - |
| Minority interest in income of subsidiary | - | - | - | - | - | - | - | - | - |
| Equity in net income of non-filing entities | - | - | - | - | - | - | - | - | - |
| Net (loss) income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended December 31, 2006

| | Coalgrace II, Inc. | Gracoal II, Inc. | Gracoal, Inc. | Grace Drilling Company | Grace Petroleum Libya Incorporated | Axial Basin Ranch Company | Hayden Gulch West Coal Company | H-G Coal Company | Eliminations between Filing Entities |
|---|-----------------------|------------------|---------------|---------------------------|---|---------------------------------|--------------------------------------|---------------------|--|
| Net sales to third parties | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net sales to non-filing entities | - | - | - | - | - | - | - | - | - |
| Net sales to filing entities | - | - | - | - | - | - | - | - | (487,316) |
| Interest and royalties from non-filing entities, net | - | - | - | - | - | - | - | - | - |
| Interest and royalties from filing entities, net | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | (487,316) |
| Cost of goods sold to third parties | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to non-filing entities | - | - | - | - | - | - | - | - | - |
| Cost of goods sold to filing entities | - | - | - | - | - | - | - | - | (455,985) |
| Selling, general and administrative expenses | - | - | - | - | - | - | - | - | - |
| Research and development expenses | - | - | - | - | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Other expense (income) | - | - | - | - | - | - | - | - | - |
| Chapter 11 reorganization expenses, net | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | (455,985) |
| (Loss) income before income taxes, minority interest and equity in net income of non-filing | - | - | - | - | - | - | - | - | (31,331) |
| (Provision for) benefit from income taxes | - | - | - | - | - | - | - | - | - |
| Minority interest in income of subsidiary | - | - | - | - | - | - | - | - | - |
| Equity in net income of non-filing entities | - | - | - | - | - | - | - | - | - |
| Net (loss) income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (31,331) |

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

| W.R. Grace & Co. - Chapter 11 Filing Entities Combining Statement of Operations MOR - 2 Month Ended December 31, 2006 | | |
|--|--------------------------------|-----------------------------|
| | Conversion to Equity Method | COMBINED FILING ENTITIES |
| Net sales to third parties | \$ - | \$ 76,364,611 |
| Net sales to non-filing entities | - | 21,195,656 |
| Net sales to filing entities | - | - |
| Interest and royalties from non-filing entities, net | - | 17,651,016 |
| Interest and royalties from filing entities, net | - | - |
| | - | 115,211,283 |
| Cost of goods sold to third parties | - | 46,954,594 |
| Cost of goods sold to non-filing entities | - | 18,352,935 |
| Cost of goods sold to filing entities | - | - |
| Selling, general and administrative expenses | - | 28,940,892 |
| Research and development expenses | - | 3,321,029 |
| Depreciation and amortization | - | 4,693,344 |
| Interest expense | - | 5,719,378 |
| Other expense (income) | - | (4,272,346) |
| Chapter 11 reorganization expenses, net | - | 10,365,211 |
| | - | 114,075,036 |
| (Loss) income before income taxes, minority interest and equity in net income of non-filing | - | 1,136,247 |
| (Provision for) benefit from income taxes | - | 4,228,190 |
| Minority interest in income of subsidiary | - | - |
| Equity in net income of non-filing entities | (11,417,894) | (11,417,894) |
| Net (loss) Income | \$ (11,417,894) | \$ (6,053,457) |

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
December 31, 2006

| | W. R. Grace & Co. Conn. | W. R. Grace & Co. | Remedium Group, Inc. | CCHP, Inc. | GC Partners | Grace Washington, Inc. |
|--|----------------------------|-----------------------|-------------------------|----------------------|-----------------------|---------------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ 227,085,660 | \$ - | \$ (476,812) | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | 125,793,623 | - | 10,593 | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | 363,365,920 | (389,066,009) | (27,860,502) | 12,877,002 | (67,802,382) | (11,767,408) |
| Inventories | 72,688,281 | - | - | - | - | - |
| Deferred income taxes | 24,332,169 | - | 2,415,265 | - | - | - |
| Other current assets | 21,830,621 | - | - | - | - | - |
| Total Current Assets | 835,096,275 | (389,066,009) | (25,911,457) | 12,877,002 | (67,802,382) | (11,767,408) |
| Properties and equipment, net | 392,950,305 | - | 374,207 | - | - | - |
| Goodwill | 24,214,700 | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | 89,159,599 | - | - | - | - | - |
| Deferred income taxes | 1,098,815,269 | - | 20,965,927 | - | - | - |
| Asbestos-related insurance receivable | 500,000,000 | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | (1,664,827,782) | 999,791,435 | 112,745,687 | 5,511,736 | 238,791,734 | - |
| Investment in filing and non-filing entities | 834,007,888 | 241,512,111 | - | - | - | - |
| Other assets | 28,576,830 | - | - | - | - | - |
| Total Assets | \$ 2,138,993,084 | \$ 852,237,536 | \$ 108,174,364 | \$ 18,388,737 | \$ 170,989,352 | \$ (11,767,408) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | 61,942,212 | - | 463,288 | - | - | - |
| Income taxes payable | 536,701 | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | 143,513,255 | - | 1,414 | - | - | 416 |
| Total Current Liabilities | 205,992,168 | - | 464,703 | - | - | 416 |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | 337,101,252 | - | - | - | - | - |
| Minority interest in consolidated affiliates | 58,403,384 | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | 274,809,383 | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | 876,306,186 | - | 464,703 | - | - | 416 |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | 739,534,814 | - | - | - | - | - |
| Accounts payable | 30,897,967 | - | 665,607 | - | - | - |
| Income taxes payable | 21,380,132 | 69,228,138 | (13,371,041) | 310,681 | 14,194,088 | (200,350) |
| Asbestos-related liability | 1,700,000,000 | - | - | - | - | - |
| Other liabilities | 549,900,632 | - | 66,803,405 | - | 2,038,811 | - |
| Total Liabilities Subject to Compromise | 3,041,713,545 | 69,228,138 | 54,097,971 | 310,681 | 16,232,899 | (200,350) |
| Total Liabilities | 3,918,019,731 | 69,228,138 | 54,562,674 | 310,681 | 16,232,899 | (199,934) |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | 83,968,960 | 802,965 | 12,223 | 1,000 | - | 1,000 |
| Paid in capital | 142,809,878 | 420,106,464 | 9,724,449 | 34,052,467 | 56,011,577 | - |
| (Accumulated deficit)/Retained earnings | (1,600,803,290) | 458,060,095 | 43,875,018 | (15,975,410) | 98,744,877 | (11,568,474) |
| Treasury stock, at cost | - | (95,960,226) | - | - | - | - |
| Accumulated other comprehensive loss | (405,002,195) | 100 | - | - | - | - |
| Deferred compensation trust | - | 100 | - | - | - | - |
| Total Shareholders' Equity (Deficit) | (1,779,026,647) | 783,009,398 | 53,611,690 | 18,078,057 | 154,756,453 | (11,567,474) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 2,138,993,084 | \$ 852,237,536 | \$ 108,174,364 | \$ 18,388,737 | \$ 170,989,352 | \$ (11,767,408) |

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
December 31, 2006

| | Litigation Management, Inc. | Grace Europe, Inc. | L.B. Realty, Inc. | Grace International Holdings, Inc. | Darex Puerto Rico Inc. | Alewite Land Corporation |
|--|--------------------------------|---------------------|-----------------------|---------------------------------------|---------------------------|-----------------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ 7,130,667 | \$ - |
| Accounts and other receivables, net | - | 98,493 | - | - | 1,844,462 | - |
| Receivables from/(payables to) filing and non-filing entities, net | (386,938,610) | 5,724,751 | 140,524,854 | (83,653,717) | 569,521 | (4,967,440) |
| Inventories | - | - | - | - | 253,825 | - |
| Deferred income taxes | - | 88,074 | - | - | 72,448 | - |
| Other current assets | - | - | - | - | - | - |
| Total Current Assets | (386,938,610) | 5,911,318 | 140,524,854 | (83,653,717) | 9,870,923 | (4,967,440) |
| Properties and equipment, net | - | - | - | - | 696,518 | - |
| Goodwill | - | - | - | - | 1,256,948 | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | 560,043,431 | (3,286,244) | - | 38,950,992 | - | - |
| Investment in filing and non-filing entities | - | - | - | 58,669,464 | - | - |
| Other assets | - | 54,000 | - | - | 7,625,488 | - |
| Total Assets | \$ 173,104,822 | \$ 2,679,074 | \$ 140,524,854 | \$ 13,966,739 | \$ 19,449,877 | \$ (4,967,440) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | 26,478 | - | - | 1,041,302 | - |
| Income taxes payable | - | - | - | - | (536,433) | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | 356,693 | - | 6,318,897 | 90,278 | - |
| Total Current Liabilities | - | 383,171 | - | 6,318,897 | 595,147 | - |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | 3,522,839 | - | - |
| Minority interest in consolidated affiliates | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | 5,323,468 | - | - |
| Total Liabilities Not Subject to Compromise | - | 383,171 | - | 15,165,204 | 595,147 | - |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | 133,907 | - |
| Income taxes payable | 43,728,459 | (956,916) | (150) | (13,210,501) | 2,110,584 | (332,328) |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | 251,640 | - | - | - | - |
| Total Liabilities Subject to Compromise | 43,728,459 | (705,276) | (150) | (13,210,501) | 2,244,491 | (332,328) |
| Total Liabilities | 43,728,459 | (322,105) | (150) | 1,954,703 | 2,839,638 | (332,328) |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | 112 | - | - | - | - | - |
| Common Stock | 1,000 | 1,000 | - | 1,000 | 1,000 | 200 |
| Paid in capital | (29,267,410) | - | 25,358,993 | 61,845,489 | 13,074,177 | 274,606 |
| (Accumulated deficit)/Retained earnings | 158,642,660 | (491,563) | 115,166,011 | (94,067,237) | 3,535,062 | (4,909,918) |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | 3,491,742 | - | 44,232,784 | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | 129,376,363 | 3,001,179 | 140,525,004 | 12,012,035 | 16,610,239 | (4,635,112) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 173,104,822 | \$ 2,679,074 | \$ 140,524,854 | \$ 13,966,739 | \$ 19,449,877 | \$ (4,967,440) |

Note #3
Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
December 31, 2006

| | Alewite Boston Ltd | Five Alewife Boston Ltd | GN Holdings, Inc | MRA Holdings Corp | MRA Intermedco, Inc | MRA Staffing Systems, Inc |
|--|-----------------------|-------------------------|------------------------|----------------------|----------------------|---------------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | - | - | - | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | (2,143,580) | - | (57,817,172) | (110) | (330) | (24,591) |
| Inventories | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Other current assets | - | - | - | - | - | - |
| Total Current Assets | (2,143,580) | - | (57,817,172) | (110) | (330) | (24,591) |
| Properties and equipment, net | - | - | - | - | - | - |
| Goodwill | - | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | - | - | - | - | - | - |
| Investment in filing and non-filing entities | - | - | 34,053,467 | 54,500,000 | 54,500,000 | 56,011,577 |
| Other assets | - | - | - | - | - | - |
| Total Assets | \$ (2,143,580) | \$ - | \$ (23,763,706) | \$ 54,499,890 | \$ 54,499,670 | \$ 55,986,986 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | - | - | - | - | - |
| Total Current Liabilities | - | - | - | - | - | - |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Minority interest in consolidated affiliates | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | - | - | - | - | - |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | (210) | - | - | (110) | (330) | (6,939) |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Subject to Compromise | (210) | - | - | (110) | (330) | (6,939) |
| Total Liabilities | (210) | - | - | (110) | (330) | (6,939) |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | - | - | 931,540 | 1 | 130 | 130 |
| Paid in capital | - | - | 9,408,460 | 54,499,999 | 54,499,870 | 54,499,870 |
| (Accumulated deficit)/Retained earnings | (2,143,370) | - | (34,103,706) | - | - | 1,493,925 |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | - | - | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | (2,143,370) | - | (23,763,706) | 54,500,000 | 54,500,000 | 55,993,925 |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ (2,143,580) | \$ - | \$ (23,763,706) | \$ 54,499,890 | \$ 54,499,670 | \$ 55,986,986 |

Note #3
Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

MOR - 3

December 31, 2006

| | Koolana Development Company | CB Biomedical, Inc. | Amlcon, Inc. | Grace Environmental, Inc. | Grace Chemical Company of Cuba | Southern Oil Resin & Fiberglass, Inc. |
|--|-----------------------------|------------------------|----------------------|---------------------------|--------------------------------|---------------------------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ 46,439 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | - | - | - | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | (10,483) | (26,614,022) | 57,347,191 | (7,283,826) | - | - |
| Inventories | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Other current assets | 7,220 | - | - | - | - | - |
| Total Current Assets | 43,176 | (26,614,022) | 57,347,191 | (7,283,826) | - | - |
| Properties and equipment, net | - | - | - | - | - | - |
| Goodwill | - | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | - | - | - | - | - | - |
| Investment in filing and non-filing entities | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - |
| Total Assets | \$ 43,176 | \$ (26,614,022) | \$ 57,347,191 | \$ (7,283,826) | \$ - | \$ - |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | - | - | - | - | - |
| Total Current Liabilities | - | - | - | - | - | - |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Minority interest in consolidated affiliates | - | 5,000 | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | 5,000 | - | - | - | - |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | (392,555) | (195) | 10,346,794 | (230) | - | - |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Subject to Compromise | (392,555) | (195) | 10,346,794 | (230) | - | - |
| Total Liabilities | (392,555) | 4,805 | 10,346,794 | (230) | - | - |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | - | - | - | 5,150 | - | - |
| Paid in capital | 1,164,954 | 859,233 | 3,671,658 | 5,144,850 | - | - |
| (Accumulated deficit)/Retained earnings | (729,223) | (27,478,060) | 43,427,950 | (12,433,596) | - | - |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | (99,212) | - | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | 435,731 | (26,618,827) | 47,000,396 | (7,283,596) | - | - |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 43,176 | \$ (26,614,022) | \$ 57,347,191 | \$ (7,283,826) | \$ - | \$ - |

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

MOR - 3

December 31, 2006

| | Guanica-Camacho Land Development Corporation | Dewey & Almy, LLC | A-1 Bit & Tool Co., Inc. | Grace Tarpon Investors, Inc. | S.C. Limited Partners, LLC | Monolith Enterprises, Incorporated |
|--|--|-------------------|-----------------------------|---------------------------------|-------------------------------|--|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | - | - | - | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | 5,824,284 | (102,989) | (1,119,103) | 10,284,124 | 330 | (2,417,714) |
| Inventories | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Other current assets | - | - | - | - | - | - |
| Total Current Assets | 5,824,284 | (102,989) | (1,119,103) | 10,284,124 | 330 | (2,417,714) |
| Properties and equipment, net | - | - | - | - | - | - |
| Goodwill | - | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | - | - | - | - | - | - |
| Investment in filing and non-filing entities | - | 94,022 | - | - | - | - |
| Other assets | - | - | - | - | - | - |
| Total Assets | \$ 5,824,284 | \$ (8,966) | \$ (1,119,103) | \$ 10,284,124 | \$ 330 | \$ (2,417,714) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | - | - | 3 | - | - |
| Total Current Liabilities | - | - | - | 3 | - | - |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Minority interest in consolidated affiliates | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | - | - | 3 | - | - |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | (110) | - | (110) | (560) | (560) | (450) |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Subject to Compromise | (110) | - | (110) | (560) | (560) | (450) |
| Total Liabilities | (110) | - | (110) | (557) | (560) | (450) |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | 1,000 | 2,000 | 29,000 | 1,000 | 1,000 | 26,000 |
| Paid in capital | 5,823,446 | - | - | 3,136,087 | - | 9,988,414 |
| (Accumulated deficit)/Retained earnings | (52) | (10,966) | (1,147,993) | 7,147,595 | (110) | (12,431,878) |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | - | - | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | 5,824,394 | (8,966) | (1,118,993) | 10,284,682 | 890 | (2,417,264) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 5,824,284 | \$ (8,966) | \$ (1,119,103) | \$ 10,284,124 | \$ 330 | \$ (2,417,714) |

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

MOR - 3

December 31, 2006

| | Grace Culinary Systems, Inc. | Grace Hotel Services Corporation | Monroe Street, Inc. | Grace HEG, Inc. | Hanover Square Corporation | Ecarg, Inc. |
|--|---------------------------------|--|----------------------|----------------------|-------------------------------|----------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | - | - | - | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | (26,312,455) | (5,132,933) | (3,350,634) | (2,509,849) | 840 | (1,230,613) |
| Inventories | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Other current assets | - | - | - | - | - | - |
| Total Current Assets | (26,312,455) | (5,132,933) | (3,350,634) | (2,509,849) | 840 | (1,230,613) |
| Properties and equipment, net | - | - | - | - | - | - |
| Goodwill | - | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | - | - | - | - | - | - |
| Investment in filing and non-filing entities | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - |
| Total Assets | \$(26,312,455) | \$(5,132,933) | \$(3,350,634) | \$(2,509,849) | \$840 | \$(1,230,613) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | - | - | - | - | - |
| Total Current Liabilities | - | - | - | - | - | - |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Minority interest in consolidated affiliates | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | - | - | - | - | - |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | - | (818) | (110) | (210) | (110) | (30) |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Subject to Compromise | - | (818) | (110) | (210) | (110) | (30) |
| Total Liabilities | - | (818) | (110) | (210) | (110) | (30) |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | - | - | 1,000 | 1,000 | 1,000 | 50 |
| Paid in capital | - | - | - | - | - | 50 |
| (Accumulated deficit)/Retained earnings | (26,312,455) | (5,132,115) | (3,351,524) | (2,510,639) | (50) | (1,230,683) |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | - | - | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | (26,312,455) | (5,132,115) | (3,350,524) | (2,509,639) | 950 | (1,230,583) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$(26,312,455) | \$(5,132,933) | \$(3,350,634) | \$(2,509,849) | \$840 | \$(1,230,613) |

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

MOR - 3

December 31, 2006

| | W. R. Grace Land Corporation | G. C. Management Inc. | Water Street Corporation | Del Taco Restaurants, Inc. | W. R. Grace Capital Corporation | Gloucester New Communities Company, Inc. |
|--|---------------------------------|--------------------------|-----------------------------|-------------------------------|------------------------------------|--|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 500 |
| Accounts and other receivables, net | - | - | - | - | - | 91,572 |
| Receivables from/(payables to) filing and non-filing entities, net | 36,708,315 | - | (73,061) | (12,559,518) | (264,688) | (19,486,048) |
| Inventories | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Other current assets | - | - | - | - | - | - |
| Total Current Assets | 36,708,315 | - | (73,061) | (12,559,518) | (264,688) | (19,393,976) |
| Properties and equipment, net | - | - | - | - | 438,445 | - |
| Goodwill | - | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | - | - | - | - | - | - |
| Investment in filing and non-filing entities | 6,284,806 | - | - | - | - | - |
| Other assets | - | - | - | - | - | 4,066 |
| Total Assets | \$ 42,993,121 | \$ - | \$ (73,061) | \$ (12,559,518) | \$ 173,757 | \$ (19,389,909) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | 4,066 |
| Income taxes payable | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | - | - | - | 199 | 69,766 |
| Total Current Liabilities | - | - | - | - | 199 | 73,833 |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Minority interest in consolidated affiliates | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | - | - | - | 199 | 73,833 |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | (821) | - | (110) | (265) | (759) | - |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Subject to Compromise | (821) | - | (110) | (265) | (759) | - |
| Total Liabilities | (821) | - | (110) | (265) | (560) | 73,833 |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | 5,000 | - | 1,000 | 85,539 | 1,000 | 5,000 |
| Paid in capital | 19,577,160 | - | - | 6,541,055 | 4,000 | 6,000,000 |
| (Accumulated deficit)/Retained earnings | 23,411,782 | - | (73,951) | (19,185,847) | 169,317 | (25,468,742) |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | - | - | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | 42,993,942 | - | (72,951) | (12,559,253) | 174,317 | (19,468,742) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 42,993,121 | \$ - | \$ (73,061) | \$ (12,559,518) | \$ 173,757 | \$ (19,389,909) |

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
December 31, 2006

| | Creative Food N Fun Company | Grace PAR Corporation | Grace A-B Inc | Honco International Inc | GPC, Thomasville Corp | Grace Ventures Corp |
|--|--------------------------------|--------------------------|-------------------|----------------------------|--------------------------|------------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | - | - | - | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | 23,478,717 | 6,345,361 | 810,265 | (59,581,637) | (185) | (86,721) |
| Inventories | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Other current assets | - | - | - | - | - | - |
| Total Current Assets | 23,478,717 | 6,345,361 | 810,265 | (59,581,637) | (185) | (86,721) |
| Properties and equipment, net | - | - | - | - | - | - |
| Goodwill | - | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | - | - | - | - | - | - |
| Investment in filing and non-filing entities | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - |
| Total Assets | \$ 23,478,717 | \$ 6,345,361 | \$ 810,265 | \$ (59,581,637) | \$ (185) | \$ (86,721) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | - | - | - | - | - |
| Total Current Liabilities | - | - | - | - | - | - |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Minority interest in consolidated affiliates | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | - | - | - | - | - |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | (1,432) | (300) | (335) | (405) | (185) | (110) |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Subject to Compromise | (1,432) | (300) | (335) | (405) | (185) | (110) |
| Total Liabilities | (1,432) | (300) | (335) | (405) | (185) | (110) |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | 1,090,000 | 1,000 | 1,000 | 303,000 | - | - |
| Paid in capital | 33,631,999 | 18,090,032 | - | 37,765,000 | - | 1,900,000 |
| (Accumulated deficit)/Retained earnings | (11,241,851) | (11,745,371) | 809,600 | (97,649,232) | - | (1,986,611) |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | - | - | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | 23,480,148 | 6,345,661 | 810,600 | (59,581,232) | - | (86,611) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 23,478,717 | \$ 6,345,361 | \$ 810,265 | \$ (59,581,637) | \$ (185) | \$ (86,721) |

Note #3
Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
December 31, 2006

| | Grace Energy Corporation | GEC Management Corporation | Grace Offshore Company | Coalgrace, Inc. | Grace A-B-I, Inc. | Grace H-G-I, Inc. |
|--|--------------------------|----------------------------|------------------------|---------------------|-------------------|-------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | - | - | - | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | 352,712,699 | 4,389,612 | (15,750,664) | 5,296,839 | 875,359 | (5,314) |
| Inventories | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Other current assets | - | - | - | - | - | - |
| Total Current Assets | 352,712,699 | 4,389,612 | (15,750,664) | 5,296,839 | 875,359 | (5,314) |
| Properties and equipment, net | - | - | - | - | - | - |
| Goodwill | - | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | (35,903,123) | (14,135,725) | - | - | - | - |
| Investment in filing and non-filing entities | 187,272,210 | - | - | - | - | - |
| Other assets | - | - | - | - | - | - |
| Total Assets | \$ 504,081,786 | \$ (9,746,113) | \$ (15,750,664) | \$ 5,296,839 | \$ 875,359 | \$ (5,314) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | - | - | - | - | - |
| Total Current Liabilities | - | - | - | - | - | - |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Minority interest in consolidated affiliates | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | - | - | - | - | - |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | (119) | (110) | - | (360) | (310) | (260) |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Subject to Compromise | (119) | (110) | - | (360) | (310) | (260) |
| Total Liabilities | (119) | (110) | - | (360) | (310) | (260) |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | 1,000 | 1,000 | (114,960) | 100 | 1,000 | 1,000 |
| Paid in capital | 451,425,156 | (2,089,027) | 34,215,000 | - | - | - |
| (Accumulated deficit)/Retained earnings | 52,655,749 | (7,657,976) | (49,850,704) | 5,297,099 | 874,669 | (6,054) |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | - | - | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | 504,081,905 | (9,746,003) | (15,750,664) | 5,297,199 | 875,669 | (5,054) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 504,081,786 | \$ (9,746,113) | \$ (15,750,664) | \$ 5,296,839 | \$ 875,359 | \$ (5,314) |

Note #3
Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

MOR - 3

December 31, 2006

| | Coalgrace II, Inc. | Gracoal II, Inc. | Gracoal, Inc. | Grace Drilling Company | Grace Petroleum Libya Incorporated | Axial Basin Ranch Company |
|--|--------------------|-----------------------|-----------------------|------------------------|------------------------------------|---------------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | - | - | - | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | 108,080 | 130,215,533 | 145,239,206 | (81,115,113) | 47,407,796 | - |
| Inventories | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Other current assets | - | - | - | - | - | - |
| Total Current Assets | 108,080 | 130,215,533 | 145,239,206 | (81,115,113) | 47,407,796 | - |
| Properties and equipment, net | - | - | - | - | - | - |
| Goodwill | - | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | - | - |
| Asbestos-related insurance receivable | - | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | - | - | - | - | - | - |
| Investment in filing and non-filing entities | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - |
| Total Assets | \$ 108,080 | \$ 130,215,533 | \$ 145,239,206 | \$ (81,115,113) | \$ 47,407,796 | \$ - |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | | |
| Liabilities Not Subject to Compromise | | | | | | |
| Current Liabilities | | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - | - |
| Other current liabilities | - | - | - | - | - | - |
| Total Current Liabilities | - | - | - | - | - | - |
| Debt payable after one year | - | - | - | - | - | - |
| Deferred income taxes | - | 25,789,979 | 25,789,979 | - | - | - |
| Minority interest in consolidated affiliates | - | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | 25,789,979 | 25,789,979 | - | - | - |
| Liabilities Subject to Compromise | | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - |
| Income taxes payable | (360) | 3,237,482 | 3,237,657 | (480) | (110) | - |
| Asbestos-related liability | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - |
| Total Liabilities Subject to Compromise | (360) | 3,237,482 | 3,237,657 | (480) | (110) | - |
| Total Liabilities | (360) | 29,027,461 | 29,027,636 | (480) | (110) | - |
| Shareholders' Equity (Deficit) | | | | | | |
| Preferred Stock | - | - | - | - | - | - |
| Common Stock | 1,000 | 1,000 | 100 | 124,473 | 1,000 | - |
| Paid in capital | - | 30,293,750 | 13,880,108 | 51,173,713 | 7,308,934 | - |
| (Accumulated deficit)/Retained earnings | 107,440 | 70,893,322 | 102,331,362 | (132,412,819) | 40,097,972 | - |
| Treasury stock, at cost | - | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | - | - | - | - |
| Deferred compensation trust | - | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | 108,440 | 101,188,072 | 116,211,570 | (81,114,633) | 47,407,906 | - |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 108,080 | \$ 130,215,533 | \$ 145,239,206 | \$ (81,115,113) | \$ 47,407,796 | \$ - |

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
December 31, 2006

| | Hayden-Gulch West Coal Company | H-G Coal Company | Eliminations between Filing Entities | Conversion to Equity Method | Reporting Reclasses |
|--|--------------------------------------|------------------|---|--------------------------------|---------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts and other receivables, net | - | - | - | - | - |
| Receivables from/(payables to) filing and non-filing entities, net | - | - | - | - | 200,000 |
| Inventories | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | (5,449,795) |
| Other current assets | - | - | - | - | - |
| Total Current Assets | - | - | - | - | (5,249,795) |
| Properties and equipment, net | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Cash value of company owned life insurance, net of policy loans | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | (392,204,049) |
| Asbestos-related insurance receivable | - | - | - | - | - |
| Loans receivable from/(payable to) filing and non-filing entities, net | - | - | - | - | - |
| Investment in filing and non-filing entities | - | - | (1,326,102,717) | 457,671,279 | 1,800,000 |
| Other assets | - | - | (1,101,282) | - | - |
| Total Assets | \$ - | \$ - | \$ (1,327,203,999) | \$ 457,671,279 | \$ (395,653,844) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | | | |
| Liabilities Not Subject to Compromise | | | | | |
| Current Liabilities | | | | | |
| Debt payable within one year | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed within one year | - | - | - | - | - |
| Other current liabilities | - | - | (200,000) | - | (1,829,945) |
| Total Current Liabilities | - | - | (200,000) | - | (1,829,945) |
| Debt payable after one year | - | - | - | - | - |
| Deferred income taxes | - | - | - | - | (392,204,049) |
| Minority interest in consolidated affiliates | - | - | - | - | - |
| Asbestos-related liability expected to be disbursed after one year | - | - | - | - | - |
| Other liabilities | - | - | - | - | - |
| Total Liabilities Not Subject to Compromise | - | - | (200,000) | - | (394,033,994) |
| Liabilities Subject to Compromise | | | | | |
| Debt, pre-petition plus accrued interest | - | - | - | - | - |
| Accounts payable | - | - | - | - | - |
| Income taxes payable | - | - | - | - | - |
| Asbestos-related liability | - | - | - | - | - |
| Other liabilities | - | - | - | - | (9,419,850) |
| Total Liabilities Subject to Compromise | - | - | - | - | (9,419,850) |
| Total Liabilities | - | - | (200,000) | - | (403,453,844) |
| Shareholders' Equity (Deficit) | | | | | |
| Preferred Stock | - | - | - | - | - |
| Common Stock | - | - | (86,493,960) | - | - |
| Paid in capital | - | - | (1,222,570,000) | - | - |
| (Accumulated deficit)/Retained earnings | - | - | (17,140,039) | 514,949,956 | 2,000,000 |
| Treasury stock, at cost | - | - | - | - | - |
| Accumulated other comprehensive loss | - | - | (800,000) | (57,278,676) | 5,800,000 |
| Deferred compensation trust | - | - | - | - | - |
| Total Shareholders' Equity (Deficit) | - | - | (1,327,003,999) | 457,671,279 | 7,800,000 |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ - | \$ - | \$ (1,327,203,999) | \$ 457,671,279 | \$ (395,653,844) |

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
December 31, 2006

| | COMBINED FILING ENTITIES |
|--|--------------------------|
| ASSETS | |
| Current Assets | |
| Cash and cash equivalents | \$ 233,786,454 |
| Accounts and other receivables, net | 127,838,743 |
| Receivables from/(payables to) filing and non-filing entities, net | 53,257,179 |
| Inventories | 72,942,106 |
| Deferred income taxes | 21,458,161 |
| Other current assets | 21,837,840 |
| Total Current Assets | 531,120,483 |
| Properties and equipment, net | 394,459,475 |
| Goodwill | 25,471,648 |
| Cash value of company owned life insurance, net of policy loans | 89,159,599 |
| Deferred income taxes | 727,577,147 |
| Asbestos-related insurance receivable | 500,000,000 |
| Loans receivable from/(payable to) filing and non-filing entities, net | 237,682,141 |
| Investment in filing and non-filing entities | 660,274,106 |
| Other assets | 36,159,102 |
| Total Assets | \$ 3,201,903,701 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | |
| Liabilities Not Subject to Compromise | |
| Current Liabilities | |
| Debt payable within one year | \$ - |
| Accounts payable | 63,477,346 |
| Income taxes payable | 268 |
| Asbestos-related liability expected to be disbursed within one year | - |
| Other current liabilities | 148,320,975 |
| Total Current Liabilities | 211,798,589 |
| Debt payable after one year | - |
| Deferred income taxes | - |
| Minority interest in consolidated affiliates | 58,408,384 |
| Asbestos-related liability expected to be disbursed after one year | - |
| Other liabilities | 280,132,851 |
| Total Liabilities Not Subject to Compromise | 550,339,824 |
| Liabilities Subject to Compromise | |
| Debt, pre-petition plus accrued interest | 739,534,814 |
| Accounts payable | 31,697,481 |
| Income taxes payable | 139,292,262 |
| Asbestos-related liability | 1,700,000,000 |
| Other liabilities | 609,574,639 |
| Total Liabilities Subject to Compromise | 3,220,099,196 |
| Total Liabilities | 3,770,439,019 |
| Shareholders' Equity (Deficit) | |
| Preferred Stock | 112 |
| Common Stock | 805,642 |
| Paid in capital | 423,834,459 |
| (Accumulated deficit)/Retained earnings | (487,559,847) |
| Treasury stock, at cost | (95,960,226) |
| Accumulated other comprehensive loss | (409,655,457) |
| Deferred compensation trust | 100 |
| Total Shareholders' Equity (Deficit) | (568,535,318) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 3,201,903,701 |

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

Chart 5

W. R. Grace & Co. - Conn
Status of Postpetition Taxes
MOR-4
December 31, 2006

| | Beginning Tax Liability | Amount Withheld or Accrued | Amount Paid | Ending Tax Liability |
|------------------------------|-------------------------------|----------------------------------|------------------------|----------------------------|
| Federal | | | | |
| Withholding | \$ - | \$ 2,734,556 | \$ (2,734,556) | \$ - |
| FICA - Employee | 5,469 | 948,547 | (947,338) | 6,678 |
| FICA and payroll- Employer | 3,578,841 | 1,578,174 | (4,441,275) | 715,740 |
| Unemployment | - | 1,269 | (1,269) | - |
| Other | - | 7,578 | (7,578) | - |
| Total Federal Taxes | \$ 3,584,310 | \$ 5,270,124 | \$ (8,132,016) | \$ 722,418 |
| State and Local | | | | |
| Withholding | \$ - | \$ 821,032 | \$ (821,032) | \$ - |
| Sales & Use | 970,009 | 289,280 | (129,068) | 1,130,221 |
| Property Taxes | 2,433,868 | 259,179 | (1,177,245) | 1,515,802 |
| Other | - | 81,120 | (81,120) | - |
| Total State and Local | \$ 3,403,877 | \$ 1,450,611 | \$ (2,208,465) | \$ 2,646,023 |
| Total Taxes | \$ 6,988,187 | \$ 6,720,735 | \$ (10,340,481) | \$ 3,368,441 |

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Remedium Group, Inc.
Status of Postpetition Taxes
MOR-4
December 31, 2006

| | Beginning Tax Liability | Amount Withheld or Accrued | Amount Paid | Ending Tax Liability |
|------------------------------|-------------------------------|----------------------------------|--------------------|----------------------------|
| Federal | | | | |
| Withholding | \$ (283) | \$ 16,257 | \$ (16,257) | \$ (283) |
| FICA - Employee | - | 1,616 | (1,616) | - |
| FICA and payroll- Employer | - | 1,616 | (1,616) | - |
| Unemployment | - | - | - | - |
| Other | - | - | - | - |
| Total Federal Taxes | \$ (283) | \$ 19,489 | \$ (19,489) | \$ (283) |
| State and Local | | | | |
| Withholding | \$ - | \$ 1,000 | \$ (1,000) | \$ - |
| Sales & Use | - | - | - | - |
| Property Taxes | - | - | - | - |
| Other | - | - | - | - |
| Total State and Local | \$ - | \$ 1,000 | \$ (1,000) | \$ - |
| Total Taxes | \$ (283) | \$ 20,489 | \$ (20,489) | \$ (283) |

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Grace Washington, Inc.
Status of Postpetition Taxes
MOR-4
December 31, 2006

| | Beginning Tax Liability | Amount Withheld or Accrued | Amount Paid | Ending Tax Liability |
|------------------------------|-------------------------------|----------------------------------|--------------------|----------------------------|
| Federal | | | | |
| Withholding | \$ 2,329 | \$ 21,098 | \$ (23,427) | \$ - |
| FICA - Employee | 126 | 1,009 | (1,135) | - |
| FICA and payroll- Employer | 126 | 1,009 | (1,135) | - |
| Unemployment | - | - | - | - |
| Other | - | - | - | - |
| Total Federal Taxes | \$ 2,581 | \$ 23,116 | \$ (25,697) | \$ - |
| State and Local | | | | |
| Withholding | \$ 481 | \$ 3,964 | \$ (4,445) | \$ - |
| Sales & Use | - | - | - | - |
| Property Taxes | - | - | - | - |
| Other | - | - | - | - |
| Total State and Local | \$ 481 | \$ 3,964 | \$ (4,445) | \$ - |
| Total Taxes | \$ 3,062 | \$ 27,080 | \$ (30,142) | \$ - |

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

L B Realty, Inc.
Status of Postpetition Taxes
MOR-4
December 31, 2006

| | Beginning Tax Liability | Amount Withheld or Accrued | Amount Paid | Ending Tax Liability |
|------------------------------|-------------------------------|----------------------------------|----------------|----------------------------|
| Federal | | | | |
| Withholding | \$ - | \$ - | \$ - | \$ - |
| FICA - Employee | - | - | - | - |
| FICA and payroll- Employer | - | - | - | - |
| Unemployment | - | - | - | - |
| Other | - | - | - | - |
| Total Federal Taxes | \$ - | \$ - | \$ - | \$ - |
| State and Local | | | | |
| Withholding | \$ - | \$ - | \$ - | \$ - |
| Sales & Use | - | - | - | - |
| Property Taxes | - | - | - | - |
| Other | - | - | - | - |
| Total State and Local | \$ - | \$ - | \$ - | \$ - |
| Total Taxes | \$ - | \$ - | \$ - | \$ - |

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Darex Puerto Rico, Inc.
Status of Postpetition Taxes
MOR-4
December 31, 2006

| | Beginning Tax Liability | Amount Withheld or Accrued | Amount Paid | Ending Tax Liability |
|------------------------------|-------------------------------|----------------------------------|-------------------|----------------------------|
| Federal | | | | |
| Withholding | \$ - | \$ - | \$ - | \$ - |
| FICA - Employee | 291 | 712 | (1,003) | - |
| FICA and payroll- Employer | 4,258 | 712 | (4,970) | - |
| Unemployment | - | - | - | - |
| Other | - | - | - | - |
| Total Federal Taxes | \$ 4,549 | \$ 1,424 | \$ (5,973) | \$ - |
| State and Local | | | | |
| Withholding | \$ 1,828 | \$ 1,187 | \$ (3,015) | \$ - |
| Sales & Use | 3,848 | - | - | 3,848 |
| Property Taxes | 421,809 | 4,063 | - | 425,872 |
| Other | - | - | - | - |
| Total State and Local | \$ 427,485 | \$ 5,250 | \$ (3,015) | \$ 429,720 |
| Total Taxes | \$ 432,034 | \$ 6,674 | \$ (8,988) | \$ 429,720 |

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 6

W. R. Grace & Co. - Conn
Accounts Receivable Reconciliation and Aging
MOR-5
December 2006

Trade Accounts Receivable Reconciliation

| | |
|--|------------------|
| Trade accounts receivable, beginning of month, gross | \$ 140,901,721 |
| Amounts billed during the period | \$ 75,977,510 |
| Amounts collected during the period | \$ (102,703,108) |
| Other | \$ 4,768,872 |
| Trade accounts receivable at the end of month, gross | \$ 118,944,995 |

Trade Accounts Receivable Aging

| | |
|----------------------------------|----------------|
| Current | \$ 89,960,642 |
| 1-30 days past due | \$ 21,336,075 |
| 31-60 days past due | \$ 6,534,149 |
| +61 days past due | \$ 1,114,129 |
| Trade accounts receivable, gross | \$ 118,944,995 |
| Allowance for doubtful accounts | \$ (3,477,789) |
| Trade accounts receivable, net | \$ 115,467,206 |

Notes and Accounts Receivable Reconciliation

| | |
|--|----------------|
| Trade accounts receivable, net | \$ 115,467,206 |
| Customer notes and drafts receivable | \$ 894,643 |
| Pending customer credit notes | \$ (429,743) |
| Advances and deposits | \$ 4,144,360 |
| Nontrade receivables, net | \$ 5,717,157 |
| Total notes and accounts receivable, net | \$ 125,793,623 |

Chart 6

Darex Puerto Rico, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
December 2006

| Trade Accounts Receivable Reconciliation | |
|--|--------------|
| Trade accounts receivable, beginning of month, gross | \$ 2,191,531 |
| Amounts billed during the period | 387,101 |
| Amounts collected during the period | (553,407) |
| Other | 17,173 |
| Trade accounts receivable at the end of month, gross | \$ 2,042,398 |
| Trade Accounts Receivable Aging | |
| Current | \$ 1,264,090 |
| 1-30 days past due | 373,391 |
| 31-60 days past due | 203,887 |
| +61 days past due | 201,030 |
| Trade accounts receivable, gross | 2,042,398 |
| Allowance for doubtful accounts | (197,936) |
| Trade accounts receivable, net | \$ 1,844,462 |

| Notes and Accounts Receivable Reconciliation | |
|---|--------------|
| Trade accounts receivable, net | \$ 1,844,462 |
| Customer notes and drafts receivable | - |
| Pending customer credit notes | - |
| Advances and deposits | - |
| Nontrade receivables, net | - |
| Total notes and accounts receivable, net | \$ 1,844,462 |

Chart 6

Remedium Group, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
December 2006

Trade Accounts Receivable Reconciliation

| | |
|--|------|
| Trade accounts receivable, beginning of month, gross | \$ - |
| Amounts billed during the period | - |
| Amounts collected during the period | - |
| Other | - |
| Trade accounts receivable at the end of month, gross | \$ - |

Trade Accounts Receivable Aging

| | |
|----------------------------------|------|
| Current | \$ - |
| 1-30 days past due | - |
| 31-60 days past due | - |
| +61 days past due | - |
| Trade accounts receivable, gross | - |
| Allowance for doubtful accounts | - |
| Trade accounts receivable, net | \$ - |

Notes and Accounts Receivable Reconciliation

| | |
|--|-----------|
| Trade accounts receivable, net | \$ - |
| Customer notes and drafts receivable | - |
| Pending customer credit notes | - |
| Advances and deposits | - |
| Nontrade receivables, net | 10,593 |
| Total notes and accounts receivable, net | \$ 10,593 |

Chart 6

Grace Europe, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
December 2006

| Trade Accounts Receivable Reconciliation | |
|--|------|
| Trade accounts receivable, beginning of month, gross | \$ - |
| Amounts billed during the period | - |
| Amounts collected during the period | - |
| Other | - |
| Trade accounts receivable at the end of month, gross | \$ - |
| Trade Accounts Receivable Aging | |
| Current | \$ - |
| 1-30 days past due | - |
| 31-60 days past due | - |
| +61 days past due | - |
| Trade accounts receivable, gross | - |
| Allowance for doubtful accounts | - |
| Trade accounts receivable, net | \$ - |

| Notes and Accounts Receivable Reconciliation | |
|---|-----------|
| Trade accounts receivable, net | \$ - |
| Customer notes and drafts receivable | - |
| Pending customer credit notes | - |
| Advances and deposits | - |
| Nontrade receivables, net | 98,493 |
| Total notes and accounts receivable, net | \$ 98,493 |

Chart 6

Gloucester New Communities Company, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
December 2006

Trade Accounts Receivable Reconciliation

| | |
|--|------|
| Trade accounts receivable, beginning of month, gross | \$ - |
| Amounts billed during the period | - |
| Amounts collected during the period | - |
| Other | - |
| Trade accounts receivable at the end of month, gross | \$ - |

Trade Accounts Receivable Aging

| | |
|----------------------------------|------|
| Current | \$ - |
| 1-30 days past due | - |
| 31-60 days past due | - |
| +61 days past due | - |
| Trade accounts receivable, gross | - |
| Allowance for doubtful accounts | - |
| Trade accounts receivable, net | \$ - |

Notes and Accounts Receivable Reconciliation

| | |
|--|-----------|
| Trade accounts receivable, net | \$ - |
| Customer notes and drafts receivable | - |
| Pending customer credit notes | - |
| Advances and deposits | - |
| Nontrade receivables, net | 91,572 |
| Total notes and accounts receivable, net | \$ 91,572 |

| | Yes | No |
|--|---|-------------------|
| 1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. | X | |
| 2. Have any funds been disbursed from any account other than a debtor in possession account for this reporting period? If yes, provide an explanation below. | | See Note #5 below |
| 3. Have all postpetition tax returns been timely filed? If no, provide an explanation below. | X | |
| 4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide and explanation below. | X | |
| 5. Are post-petition accounts payable and tax obligations current and paid to date? If no, provide an explanation. | X (unless disputed in normal course of business) | |

As part of the first day orders submitted to the court on April 2, 2001, an application for the Debtors to (a) continue and maintain their consolidated cash management system, (b) continue and maintain their existing bank accounts and (c) continue to use existing business forms and granting related relief was included. The Debtors have continued to use their existing bank accounts and no new debtor in possession accounts have been established.

[illegible]

Combined Chapter 11 Filing Entity Statements

Chart 8

W. R. Grace & Co. - Chapter 11 Filing Entities

Combined Statements of Operations

| In millions | Month Ended December 31, | | Twelve Months Ended December 31, | |
|---|--------------------------|---------------|----------------------------------|----------------|
| | 2006 | 2005 | 2006 | 2005 |
| Net sales to third parties | \$ 76.4 | \$ 77.0 | \$ 1,012.1 | \$ 936.9 |
| Net sales to non-filing entities | 21.2 | 30.4 | 412.9 | 330.3 |
| Interest and royalties from non-filing entities | 17.7 | 2.9 | 70.3 | 50.9 |
| | 115.3 | 110.3 | 1,495.3 | 1,318.1 |
| Cost of goods sold to third parties | 46.9 | 57.1 | 689.7 | 629.6 |
| Cost of goods sold to non-filing entities | 18.4 | 25.2 | 347.7 | 266.4 |
| Selling, general and administrative expenses | 25.6 | 31.2 | 336.9 | 276.1 |
| Depreciation and amortization | 4.7 | 6.1 | 58.6 | 65.2 |
| Research and development expenses | 3.3 | 3.4 | 40.8 | 38.4 |
| Net pension expense | 3.3 | 3.9 | 46.3 | 51.9 |
| Interest expense | 5.7 | 4.9 | 72.7 | 54.7 |
| Other (income) expense | (4.2) | (29.8) | (19.3) | (56.4) |
| Provision for asbestos-related litigation, net of estimated insurance recovery | - | - | - | - |
| Provision for environmental remediation | - | 25.0 | 30.0 | 25.0 |
| Chapter 11 expenses, net | 10.4 | 3.8 | 49.8 | 30.7 |
| | 114.1 | 130.8 | 1,653.2 | 1,381.6 |
| Income (loss) before income taxes and equity in net income of non-filing entities | 1.2 | (20.5) | (157.9) | (63.5) |
| Benefit from (provision for) income taxes | 4.2 | 6.1 | 33.0 | 15.0 |
| Income (loss) before equity in net income of non-filing entities | 5.4 | (14.4) | (124.9) | (48.5) |
| Equity in net income of non-filing entities | (11.4) | 15.3 | 143.2 | 115.8 |
| Net income (loss) | \$ (6.0) | \$ 0.9 | \$ 18.3 | \$ 67.3 |

The Notes to Combined Financial Statements are an integral part of these statements.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combined Functional Basis Statements of Cash Flows

| <i>In millions</i> | Month Ended December 31, 2006 | Twelve Months Ended December 31, 2006 | Twelve Months Ended December 31, 2005 |
|--|-------------------------------------|---|---|
| <u>Core operations cash flow</u> | | | |
| Pre-tax income from core operations | \$ 21.2 | \$ 56.8 | \$ 47.9 |
| Depreciation and amortization | 4.7 | 58.6 | 65.2 |
| | 25.9 | 115.4 | 113.1 |
| Payments to fund defined benefit pension arrangements | (0.4) | (106.6) | (35.0) |
| Change in Non-Filing entity operating loans including interest payments and Investment | 28.3 | 112.6 | 30.1 |
| Changes in all core assets/liabilities and other | 18.3 | 46.7 | (14.1) |
| Core Pre-tax Operating Cash Flow | 72.1 | 169.1 | 94.1 |
| Capital expenditures | (10.4) | (81.4) | (62.2) |
| Core Pre-tax Operating Free Cash Flow | 61.7 | 86.7 | 31.9 |
| <u>Charges against core reserves</u> | | | |
| Deferred compensation | (0.2) | (0.6) | (0.7) |
| Self insurance | (0.2) | (1.7) | (0.8) |
| Total Spending Against Core Reserves | (0.4) | (2.3) | (1.5) |
| Net Core Cash Flow | 61.3 | 84.4 | 30.4 |
| <u>Noncore cash flow</u> | | | |
| Proceeds from asset sales | 2.1 | 2.2 | 1.0 |
| Cash paid to settle noncore contingencies | - | - | (119.7) |
| Proceeds from sale of business | - | - | 4.5 |
| Legal Fees | (2.6) | (58.2) | (15.9) |
| Other noncore pre-tax cash flow | 0.4 | 4.2 | 36.5 |
| Noncore Pre-tax Cash Flow | (0.1) | (51.8) | (93.6) |
| <u>Charges against noncore reserves</u> | | | |
| Environmental remediation | 1.6 | (10.8) | (6.7) |
| Retained obligations and other | (0.5) | (3.6) | (1.0) |
| Postretirement benefits | (1.1) | (13.9) | (11.9) |
| Total Spending Against Noncore Reserves | - | (28.3) | (19.6) |
| Noncore Cash Flow | (0.1) | (80.1) | (113.2) |
| Total Pre-tax/Pre-Interest/Pre-Chapter 11 Cash Flow | 61.2 | 4.3 | (82.8) |
| Cash paid for taxes, net of refunds | (0.3) | (0.1) | (13.2) |
| Cash paid for interest, net | 0.3 | 0.4 | (1.3) |
| Chapter 11 expenses paid | (10.4) | (43.0) | (24.3) |
| Cash Flow before Strategic Investments | 50.8 | (38.4) | (121.6) |
| <u>Strategic Investments</u> | | | |
| Cash paid for businesses acquired | - | (19.6) | (1.3) |
| Dividends received from non-filing entities | 3.5 | 3.5 | 38.7 |
| Proceeds from exercise of stock options | 6.2 | 24.1 | 3.1 |
| Cash used for Strategic Investments | 9.7 | 8.0 | 40.5 |
| Cash Flow after Strategic Investments | 60.5 | (30.4) | (81.1) |
| Fees under debtor-in-possession credit facility | (0.2) | (2.4) | (2.2) |
| Net (investing)/financing activities under life insurance policies | (0.3) | (2.6) | 12.5 |
| Net Cash Flow | \$ 60.0 | \$ (35.4) | \$ (70.8) |

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 10

| W. R. Grace & Co. - Chapter 11 Filing Entities Combined Balance Sheets | | | |
|--|----------------------|----------------------|-------------------|
| In millions | December 31, 2006 | December 31, 2005 | April 2, 2001 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 233.8 | \$ 269.2 | \$ 8.6 |
| Trade accounts receivable, less allowance of \$3.7 (2005 - \$1.3, Filing Date - \$0.7) | 117.8 | 108.0 | 32.3 |
| Receivables from non-filing entities, net | 53.2 | 62.3 | 51.2 |
| Inventories | 72.9 | 86.8 | 80.6 |
| Deferred income taxes | 21.5 | 19.3 | 80.9 |
| Asbestos-related insurance expected to be realized within one year | - | - | 17.0 |
| Other current assets | 31.8 | 34.2 | 33.4 |
| Total Current Assets | 531.0 | 579.8 | 304.0 |
| Properties and equipment, net | 394.5 | 378.9 | 400.4 |
| Goodwill | 25.5 | 18.9 | 13.6 |
| Cash value of life insurance policies, net of policy loans | 89.2 | 84.8 | 64.1 |
| Deferred income taxes | 727.6 | 701.0 | 401.0 |
| Asbestos-related insurance expected to be realized after one year | 500.0 | 500.0 | 323.4 |
| Loans receivable from non-filing entities, net | 237.7 | 306.9 | 387.5 |
| Investment in non-filing entities | 660.3 | 527.9 | 121.0 |
| Other assets | 36.1 | 60.4 | 308.5 |
| Total Assets | \$ 3,201.9 | \$ 3,158.6 | \$ 2,323.5 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | | | |
| Liabilities Not Subject to Compromise | | | |
| Current Liabilities | | | |
| Debt payable within one year | \$ - | \$ - | \$ - |
| Accounts payable | 63.5 | 76.5 | - |
| Income taxes payable | - | 5.0 | - |
| Other current liabilities | 148.5 | 105.8 | - |
| Total Current Liabilities | 212.0 | 187.3 | - |
| Debt payable after one year | - | - | - |
| Minority interest in consolidated affiliates | 58.4 | 32.6 | 0.3 |
| Other liabilities | 280.1 | 378.9 | 31.5 |
| Total Liabilities Not Subject to Compromise | 550.5 | 598.8 | 31.8 |
| Liabilities Subject to Compromise | | | |
| Debt, pre-petition plus accrued interest | 739.5 | 684.7 | 511.5 |
| Accounts payable | 31.7 | 31.5 | 43.0 |
| Income taxes payable | 139.3 | 136.5 | 242.1 |
| Asbestos-related liability | 1,700.0 | 1,700.0 | 1,002.8 |
| Other liabilities | 609.6 | 602.4 | 566.6 |
| Total Liabilities Subject to Compromise | 3,220.1 | 3,155.1 | 2,366.0 |
| Total Liabilities | 3,770.6 | 3,753.9 | 2,397.8 |
| Shareholders' Equity (Deficit) | | | |
| Common stock | 0.8 | 0.8 | 0.8 |
| Paid in capital | 423.8 | 423.4 | 432.6 |
| Accumulated deficit | (487.6) | (505.9) | (201.8) |
| Treasury stock, at cost | (96.0) | (119.7) | (136.4) |
| Accumulated other comprehensive loss | (409.7) | (393.9) | (169.5) |
| Total Shareholders' Equity (Deficit) | (568.7) | (595.3) | (74.3) |
| Total Liabilities and Shareholders' Equity (Deficit) | \$ 3,201.9 | \$ 3,158.6 | \$ 2,323.5 |

The Notes to Combined Financial Statements are an integral part of these statements.

W. R. Grace & Co.
Notes to Combined Financial Statements
December 31, 2006

1. Basis of Presentation and Summary of Significant Accounting and Financial Reporting Policies

W. R. Grace & Co., through its subsidiaries, is engaged in specialty chemicals and specialty materials businesses on a worldwide basis through two operating segments: "Grace Davison," which includes silica- and alumina-based catalysts and materials used in a wide range of industrial applications; and "Grace Performance Chemicals," which includes specialty chemicals and materials used in commercial and residential construction and in rigid food and beverage packaging.

W. R. Grace & Co. conducts substantially all of its business through a direct, wholly-owned subsidiary, W. R. Grace & Co.-Conn. ("Grace-Conn."). Grace-Conn. owns substantially all of the assets, properties and rights of W. R. Grace & Co. on a consolidated basis, either directly or through subsidiaries.

As used in these notes, the term "Company" refers to W. R. Grace & Co. The term "Grace" refers to the Company and/or one or more of its subsidiaries and, in certain cases, their respective predecessors.

Voluntary Bankruptcy Filing – During 2000 and the first quarter of 2001, Grace experienced several adverse developments in its asbestos-related litigation, including: a significant increase in personal injury claims, higher than expected costs to resolve personal injury and certain property damage claims, and class action lawsuits alleging damages from Zonolite Attic Insulation ("ZAI") a former Grace attic insulation product.

After a thorough review of these developments, the Board of Directors concluded that a federal court-supervised bankruptcy process provided the best forum available to achieve fairness in resolving these claims and on April 2, 2001 (the "Filing Date"), Grace and 61 of its United States subsidiaries and affiliates, including Grace-Conn. (collectively, the "Debtors"), filed voluntary petitions for reorganization (the "Filing") under Chapter 11 of the United States

Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The cases were consolidated and are being jointly administered under case number 01-01139 (the "Chapter 11 Cases"). Grace's non-U.S. subsidiaries and certain of its U.S. subsidiaries were not included in the Filing.

Under Chapter 11, the Debtors have continued to operate their businesses as debtors-in-possession under court protection from creditors and claimants, while using the Chapter 11 process to develop and implement a plan for addressing the asbestos-related claims. Since the Filing, all motions necessary to conduct normal business activities have been approved by the Bankruptcy Court. (See Note 2 for Chapter 11-Related Information.)

Basis of Presentation – The Combined Financial Statements presented herein represent the results of operations, cash flows and financial position of the Debtors. These financial statements pertain to periods beginning with, and subsequent to, the Filing Date and have been prepared in conformity with requirements of the Bankruptcy Court. Consequently, these financial statements do not purport to present the financial performance of W. R. Grace & Co. in conformity with U.S. generally accepted accounting principles which would require the consolidation of all controlled subsidiaries and more extensive notes and analysis related to the worldwide operations of W. R. Grace & Co. Financial activity of non-Debtor entities is not presented herein. However, all non-Debtor entities are either directly or indirectly controlled by the Debtors and, accordingly, non-Debtor financial results are reflected under the equity method of accounting. These financial statements are unaudited and should be read in conjunction with the consolidated financial statements presented in the Company's 2005 Annual Report on Form 10-K and when filed, its 2006 Annual Report on Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission.

These Combined Financial Statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented under U.S. generally accepted accounting principles; all such adjustments are of a normal recurring nature. All significant inter-Debtor accounts and transactions have been eliminated. Transactions and balances with non-Debtor entities are separately disclosed.

Reclassifications – Certain amounts in prior years' Combined Financial Statements have been reclassified to conform to the 2006 presentation. Such reclassifications have not materially affected previously reported amounts in the Combined Financial Statements.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the assets and liabilities reported at the date of the Consolidated Financial Statements; and the revenues and expenses reported for the periods presented. Actual amounts could differ from those estimates, and the differences could be material. Changes in estimates are recorded in the period identified. Grace's accounting measurements that are most affected by management's estimates of future events are:

- Contingent liabilities which depend on an assessment of the probability of loss and an estimate of ultimate resolution cost, such as asbestos-related matters, environmental remediation, income taxes, and litigation;
- Pension and postretirement liabilities that depend on assumptions regarding participant life spans, future inflation, discount rates and total returns on invested funds;
- Liabilities for employee incentive compensation and customer rebates that depend on estimates of future sales or earnings;

- Depreciation and amortization periods for long-lived assets, including property and equipment, intangible, and other assets that depend on utilization assessments and future product and production plans and expected sales and cash flows; and
- Realization values of various assets such as net deferred tax assets, trade receivables, inventories, insurance receivables, properties and equipment, and goodwill which depend on assessments of credit and other business risks, and projections of future income and cash flows.

The accuracy of these and other estimates may also be materially affected by the uncertainties arising under Grace's Chapter 11 proceeding.

Effect of New Accounting Standards – In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS No. 158 requires an employer to recognize the funded status of defined benefit pension plans and other postretirement benefit plans as an asset or liability in its statement of financial position, and requires recognition in other comprehensive income of gains or losses and prior service costs or credits arising during the period but which are not included as components of net periodic benefit cost. Grace adopted SFAS No. 158 effective for the year ended December 31, 2006. The impact to Grace's December 31, 2006 Consolidated Balance Sheet (filing and non-filing entities), after tax effects, was to decrease total assets by approximately \$43.3 million, increase total liabilities by approximately \$58.2 million and increase shareholders' deficit by approximately \$101.5 million. The adoption of SFAS No. 158 did not result in a material impact to Grace's consolidated results of operations.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which prescribes a recognition threshold and measurement attribute for tax positions taken or expected to

be taken in tax returns. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Grace is required to adopt FIN 48 in the first quarter of 2007, and is currently evaluating the impact to its Consolidated Financial Statements.

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," to require companies to measure and recognize in operations the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value. The provisions of this standard are effective for Grace in 2006. Grace implemented SFAS 123(R) in the first quarter of 2006. Under the transition method selected by Grace, the modified prospective method, the only outstanding awards affected were stock appreciation rights granted to Grace's former Chief Executive Officer. Grace measured the award at a fair value of \$2.6 million using the Black-Scholes option pricing model at March 31, 2006 and recorded that amount as compensation cost (included in selling, general and administrative expenses) in the quarter ended March 31, 2006. Grace recognized a \$0.6 million decrease and a \$0.4 million increase in the fair value of the stock appreciation rights in the quarters ended June 30, 2006 and September 30, 2006, respectively. The cumulative effect of this new rule was \$1.4 million at the beginning of the first quarter of 2006. Grace has not granted equity options or rights while in Chapter 11.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs – an Amendment of ARB No. 43, Chapter 4," to provide clarification that abnormal amounts of idle facility expense, freight, handling costs, and wasted material be recognized as current-period costs. In addition, this standard requires that the allocation of fixed production overheads to the costs of inventory be based on the normal capacity of the production facilities. Grace adopted this standard in 2006 and it has not had a material impact on Grace's Consolidated Financial Statements.

2. Chapter 11-Related Information

Official Parties to Grace's Chapter 11 Proceedings – Three creditors' committees, two representing asbestos claimants and the third representing other unsecured creditors, and a committee representing shareholders, have been appointed in the Chapter 11 Cases. These committees, and a legal representative of future asbestos claimants, have the right to be heard on all matters that come before the Bankruptcy Court and are likely to play important roles in the Chapter 11 Cases. The Debtors are required to bear certain costs and expenses of the committees and of the representative of future asbestos claimants, including those of their counsel and financial advisors.

Plan of Reorganization – On November 13, 2004 Grace filed a plan of reorganization, as well as several associated documents, including a disclosure statement, with the Bankruptcy Court. On January 13, 2005, Grace filed an amended plan of reorganization (the "Plan") and related documents to address certain objections of creditors and other interested parties. The Plan is supported by committees representing general unsecured creditors and equity holders, but is not supported by committees representing asbestos personal injury claimants and asbestos property damage claimants or the representative of future asbestos claimants.

Under the terms of the Plan, a trust would be established under Section 524(g) of the Bankruptcy Code to which all pending and future asbestos-related claims would be channeled for resolution. Grace has requested that the Bankruptcy Court conduct an estimation hearing to determine the amount that would need to be paid into the trust on the effective date of the Plan to satisfy the estimated liability for all classes of asbestos claimants and trust administration costs and expenses over time. The Plan provides that Grace's asbestos-related liabilities would be satisfied using cash and securities from Grace and third parties.

The Plan will become effective only after a vote of eligible creditors and with the approval of the Bankruptcy Court and the U.S. District Court for the District of Delaware. Votes on the Plan may not be solicited until the Bankruptcy Court approves the disclosure statement. The Bankruptcy Court has currently deferred consideration of the disclosure statement and Plan until after completion of estimation hearings on the amount of Grace's asbestos-related liability. The Debtors have received extensions of their exclusive right to propose a plan of reorganization through July 23, 2007. The asbestos claimants committees and the representative of future asbestos claimants have appealed the latest extension of exclusivity to the U.S. District Court for the District of Delaware.

Under the terms of the Plan, claims will be satisfied under the Chapter 11 Cases as follows:

Asbestos-Related Claims and Costs

A trust would be established under Section 524(g) of the Bankruptcy Code to which all pending and future asbestos-related claims would be channeled for resolution. The trust would utilize specified trust distribution procedures to satisfy the following allowed asbestos-related claims and costs:

1. *Personal injury claims that meet specified exposure and medical criteria (Personal Injury-Symptomatic Eligible or "PI-SE" Claims)* – In order to qualify for this class, claimants would have to prove that their health is impaired from meaningful exposure to asbestos-containing products formerly manufactured by Grace.
2. *Personal injury claims that do not meet the exposure and medical criteria necessary to qualify as PI-SE Claims (Personal Injury-Asymptomatic and Other or "PI-AO" Claims)* – This class would contain all asbestos-related personal injury claims against Grace that do not meet the specific requirements to be PI-SE Claims, but

do meet certain other specified exposure and medical criteria.

3. *Property damage claims, including claims related to ZAI ("PD Claims")* – In order to qualify for this class, claimants would have to prove Grace liability for loss of property value or remediation costs related to products formerly manufactured by Grace that claimants allege contained asbestos.
4. *Trust administration costs and legal expenses.*

The claims arising from such proceedings would be subject to this classification process as part of the Plan.

The Bankruptcy Court has entered separate case management orders for estimating liability for pending and future personal injury claims and adjudicating pending property damage claims, excluding ZAI claims. Trial dates for estimating liability for personal injury claims have been scheduled for June 2007. Hearings for the adjudication of various issues regarding property damage claims are currently scheduled to take place during the first and second quarters of 2007. The Debtors expect that the estimated liability will provide the basis for determining the Funding Amount to be paid into the trust on the effective date of the Plan.

Asbestos personal injury claimants, including both PI-SE and PI-AO claims, would have the option either to litigate their claims against the trust in federal court in Delaware or, if they meet specified eligibility criteria, accept a settlement amount based on the severity of their condition. Asbestos property damage claimants would be required to litigate their claims against the trust in federal court in Delaware. The Plan provides that, as a condition precedent to confirmation, the maximum estimated aggregate funding amount for all asbestos-related liabilities (PI-SE, PI-AO and PD including ZAI) and trust administration costs and expenses as determined by the Bankruptcy Court cannot exceed \$1,613 million, which Grace believes would fund over

\$2 billion in claims, costs and expenses over time.

The PI-SE Claims, the PD Claims and the related trust administration costs and expenses would be funded with (1) a payment of \$512.5 million in cash (plus interest at 5.5% compounded annually from December 21, 2002) and nine million shares of common stock of Sealed Air Corporation ("Sealed Air") to be made directly by Cryovac, Inc., a wholly owned subsidiary of Sealed Air, ("Cryovac") to the asbestos trust pursuant to the terms of a settlement agreement resolving asbestos-related, successor liability and fraudulent transfer claims against Sealed Air and Cryovac, and (2) Grace common stock. The number of shares of Grace common stock required to satisfy these claims will depend on the price of Grace common stock on the effective date of the Plan, liability measures approved by the Bankruptcy Court, and the value of the Sealed Air settlement, which changes daily with the accrual of interest and the trading value of Sealed Air common stock. The Sealed Air settlement agreement has been approved by the Bankruptcy Court, but remains subject to the fulfillment of specified conditions.

The PI-AO Claims would be funded with warrants exercisable for that number of shares of Grace common stock which, when added to the shares issued directly to the trust on the effective date of the Plan, would represent 50.1% of Grace's voting securities. If the common stock issuable upon exercise of the warrants is insufficient to pay all PI-AO Claims (the liability for which is uncapped under the Plan), then Grace would pay any additional liabilities in cash.

The amounts to fund PI-SE Claims, PD Claims and the expense of trust administration would be capped at the amount determined by the Bankruptcy Court. Amounts required to fund PI-AO Claims would not be capped, so if the amount funded in respect thereof later proved to be inadequate, Grace would be responsible for contributing additional funds into the asbestos trust to satisfy PI-AO Claims. Because of the number and nature of the

uncertainties involved, Grace is unable to determine the extent to which, if any, the liability for PI-AO claims may exceed the amount funded into the trust in respect thereof.

Other Claims

The Plan provides that all allowed administrative or priority claims would be paid 100% in cash and all general unsecured claims, other than those covered by the asbestos trust, would be paid 85% in cash and 15% in Grace common stock. Grace estimates that claims with a recorded value of approximately \$1,227 million, including interest accrued through September 30, 2006, would be satisfied in this manner at the effective date of the Plan. Grace would finance these payments with cash on hand, cash from Fresenius Medical Care Holdings, Inc. ("Fresenius") paid in settlement of asbestos and other Grace-related claims, new Grace debt, and Grace common stock. Grace would satisfy other non-asbestos related liabilities and claims (primarily certain environmental, tax, pension and retirement medical obligations) as they become due and payable over time using cash flow from operations, insurance proceeds from policies and settlement agreements covering asbestos-related liabilities, and new credit facilities. Proceeds from available product liability insurance applicable to asbestos-related claims would supplement operating cash flow to service new debt and liabilities not paid on the effective date of the Plan.

Effect on Grace Common Stock

The Plan provides that Grace common stock will remain outstanding at the effective date of the Plan, but that the interests of existing shareholders would be subject to dilution by additional shares of common stock issued under the Plan. In addition, in order to preserve significant tax benefits from net operating loss carryforwards ("NOLs") and certain future deductions, which are subject to elimination or limitation in the event of a change in control (as defined by the Internal Revenue Code) of Grace, the Plan places restrictions on the purchase of Grace common stock. The restrictions would prohibit (without the consent of Grace), for a period of three years, a person

or entity from acquiring more than 4.75% of the outstanding Grace common stock or, for those persons already holding more than 4.75%, prohibit them from increasing or decreasing their holdings. The Bankruptcy Court has also approved the trading restrictions described above, excluding the restriction on sales, until the effective date of the Plan.

Grace intends to address all pending and future asbestos-related claims and all other pre-petition claims as outlined in the Plan. However, Grace may not be successful in obtaining approval of the Plan by the Bankruptcy Court and other interested parties. For example, the asbestos creditors committees and representative of future asbestos claimants have challenged the confirmability of the Plan, arguing that the Plan impairs the rights of asbestos creditors and impermissibly denies them voting rights, and have asserted that Grace's asbestos-related liabilities exceed the fair value of Grace's assets. As a result of these challenges and other Bankruptcy Court rulings, a materially different plan of reorganization may ultimately be approved and, under the ultimate plan of reorganization, the interests of the Company's shareholders could be substantially diluted or cancelled. The value of Grace common stock following a plan of reorganization, and the extent of any recovery by non-asbestos-related creditors, will depend principally on the allowed value of Grace's asbestos-related claims as determined by the Bankruptcy Court.

Claims Filings – The Bankruptcy Court established a bar date of March 31, 2003 for claims of general unsecured creditors, asbestos-related property damage claims (other than ZAI claims) and medical monitoring claims related to asbestos. The bar date did not apply to asbestos-related personal injury claims or claims related to ZAI, which will be dealt with separately.

Approximately 14,900 proofs of claim were filed by the March 31, 2003 bar date. Of these claims, approximately 9,400 were non-asbestos related, approximately 4,300 were for asbestos-related property damage, and approximately

1,000 were for medical monitoring. The medical monitoring claims were made by individuals who allege exposure to asbestos through Grace's products or operations. These claims, if sustained, would require Grace to fund ongoing health monitoring costs for qualified claimants. In addition, approximately 800 proofs of claim were filed after the bar date.

Approximately 7,000 of the non-asbestos related claims involve claims by employees or former employees for future retirement benefits such as pension and retiree medical coverage. Grace views most of these claims as contingent and has proposed a plan of reorganization that would retain such benefits. The other non-asbestos related claims include claims for payment of goods and services, taxes, product warranties, principal and interest under pre-petition credit facilities, amounts due under leases and other contracts, leases and other executory contracts rejected in the Bankruptcy Court, environmental remediation, indemnification or contribution to actual or potential co-defendants in asbestos-related and other litigation, pending non-asbestos-related litigation, and non-asbestos-related personal injury.

The Debtors have analyzed the claims as filed and have found that many are duplicates, represent the same claim filed against more than one of the Debtors, lack any supporting documentation, or provide insufficient supporting documentation. As of September 30, 2006, the Debtors had filed objections to 5,500 claims (approximately 100 of which were subsequently withdrawn), approximately 3,950 of which were asbestos property damage claims. Of the 5,400 claims, approximately 2,300 have been expunged, approximately 250 have been resolved, approximately 2,150 have been withdrawn by claimants, and the remaining approximately 700 will be addressed through the claims objection process and the dispute resolution procedures approved by the Bankruptcy Court.

Grace believes that its recorded liabilities for claims subject to the bar date represent a reasonable estimate of the ultimate allowable

amount for claims that are not in dispute or have been submitted with sufficient information to both evaluate the merit and estimate the value of the claim. The asbestos-related claims are considered as part of Grace's overall asbestos liability and are being accounted for in accordance with the conditions precedent under the Plan, as described in "Accounting Impact" below. As claims are resolved, or where better information becomes available and is evaluated, Grace will make adjustments to the liabilities recorded in its Consolidated Financial Statements as appropriate. Any such adjustments could be material to its consolidated financial position and results of operations.

Litigation Proceedings in Bankruptcy Court

– In September 2000, Grace was named in a purported class action lawsuit filed in California Superior Court for the County of San Francisco, alleging that the 1996 reorganization involving a predecessor of Grace and Fresenius AG and the 1998 reorganization involving a predecessor of Grace and Sealed Air were fraudulent transfers. The Bankruptcy Court authorized the Official Committee of Asbestos Personal Injury Claimants and the Official Committee of Asbestos Property Damage Claimants to proceed with claims against Fresenius and Sealed Air and Cryovac on behalf of the Debtors' bankruptcy estate.

On November 29, 2002, Sealed Air (and Cryovac) and Fresenius each announced that they had reached agreements in principle with such Committees to settle asbestos, successor liability and fraudulent transfer claims related to such transactions (the "litigation settlement agreements"). Under the terms of the Fresenius settlement, subject to the fulfillment of certain conditions, Fresenius would pay \$115.0 million to the Debtors' estate as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization. In July 2003, the Fresenius settlement was approved by the Bankruptcy Court. Under the terms of the Sealed Air settlement, subject to the fulfillment of certain conditions, Cryovac would make a payment of \$512.5 million (plus interest at 5.5%

compounded annually, commencing on December 21, 2002) and nine million shares of Sealed Air common stock (collectively valued at \$1,168.6 million as of November 30, 2006), as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization. In June 2005, the Sealed Air settlement was approved by the Bankruptcy Court.

Debt Capital – All of the Debtors' pre-petition debt is in default due to the Filing. The accompanying Consolidated Balance Sheets reflect the classification of the Debtors' pre-petition debt within "liabilities subject to compromise."

The Debtors have entered into a debtor-in-possession post-petition loan and security agreement with Bank of America, N.A. (the "DIP facility") in the aggregate amount of \$250 million. The term of the DIP facility expires on April 1, 2008.

Accounting Impact – The accompanying Consolidated Financial Statements have been prepared in accordance with Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," promulgated by the American Institute of Certified Public Accountants. SOP 90-7 requires that financial statements of debtors-in-possession be prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. However, as a result of the Filing, the realization of certain of the Debtors' assets and the liquidation of certain of the Debtors' liabilities are subject to significant uncertainty. While operating as debtors-in-possession, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the Consolidated Financial Statements. Further, the ultimate plan of reorganization could materially change the amounts and classifications reported in the Consolidated Financial Statements.

Pursuant to SOP 90-7, Grace's pre-petition liabilities that are subject to compromise are required to be reported separately on the balance sheet at an estimate of the amount that will ultimately be allowed by the Bankruptcy Court. As of December 31, 2006, such pre-petition liabilities include fixed obligations (such as debt and contractual commitments), as well as estimates of costs related to contingent liabilities (such as asbestos-related litigation, environmental remediation, and other claims). Obligations of Grace subsidiaries not covered by the Filing continue to be classified on the Consolidated Balance Sheets based upon maturity dates or the expected dates of payment. SOP 90-7 also requires separate reporting of certain expenses, realized gains and losses, and provisions for losses related to the Filing as reorganization items. Grace presents reorganization items as "Chapter 11 expenses, net," a separate caption in its Consolidated Statements of Operations.

Grace has not recorded the benefit of any assets that may be available to fund asbestos-related and other liabilities under the litigation settlements with Sealed Air and Fresenius, as such agreements are subject to conditions which, although expected to be met, have not been satisfied and confirmed by the Bankruptcy Court. The value available under these litigation settlement agreements as measured at November 30, 2006, was \$1,283.6 million comprised of \$115.0 million in cash from Fresenius and \$1,168.6 million in cash and stock from Cryovac. Payments under the Sealed Air settlement will be paid directly to the asbestos trust by Cryovac, and will be accounted for as a satisfaction of a portion of Grace's recorded asbestos-related liability and a credit to shareholders' equity.

Grace's Consolidated Balance Sheets separately identify the liabilities that are "subject to compromise" as a result of the Chapter 11 proceedings. In Grace's case, "liabilities subject to compromise" represent pre-petition liabilities as determined under U.S. generally accepted accounting principles. Changes to the recorded amount of such liabilities will be based on developments in the

Chapter 11 Cases and management's assessment of the claim amounts that will ultimately be allowed by the Bankruptcy Court. Changes to pre-petition liabilities subsequent to the Filing Date reflect: 1) cash payments under approved court orders; 2) the terms of Grace's proposed plan of reorganization, as discussed above, including the accrual of interest on pre-petition debt and other fixed obligations; 3) accruals for employee-related programs; and 4) changes in estimates related to other pre-petition contingent liabilities.

Change in Liabilities Subject to Compromise – Following is a reconciliation of the changes in pre-filing date liability balances for the month ended December 31, 2006 and for the period from the Filing Date through December 31, 2006.

| (In millions) | Current Month | Cumulative Since Filing |
|---|---------------|-------------------------|
| Balance, beginning of period | \$ 3,216.2 | \$ 2,366.0 |
| Cash disbursements and/or reclassifications under Bankruptcy Court orders: | | |
| Freight and distribution order ... | — | (5.7) |
| Trade accounts payable order | — | (9.1) |
| Settlements of noncore contingencies | — | (119.7) |
| Other court orders including employee wages and benefits, sales and use tax and customer programs | 2.2 | (329.1) |
| Expense/(income) items: | | |
| Interest on pre-petition liabilities | 5.7 | 274.9 |
| Employee-related accruals | (3.2) | 34.0 |
| Change in estimate of asbestos-related contingencies | — | 744.8 |
| Change in estimate of environmental contingencies | — | 295.6 |
| Change in estimate of income tax contingencies | 8.6 | 3.5 |
| Balance sheet reclassifications | — | (25.7) |
| Reclassification to current liabilities ⁽¹⁾ | (9.4) | (9.4) |
| Balance, end of period | \$ 3,220.1 | \$ 3,220.1 |

⁽¹⁾ As of December 31, 2006, \$9.4 million of certain pension and postretirement benefit obligations subject to compromise have been presented in other current liabilities in the Combined Balance Sheet in accordance with SFAS No. 158.

Additional liabilities subject to compromise may arise due to the rejection of executory contracts or unexpired leases, or as a result of the Bankruptcy Court's allowance of contingent or disputed claims. Beginning January 1, 2006, Grace agreed to pay interest on pre-petition bank debt at the prime rate quoted by Bloomberg, adjusted for periodic changes, and compounded quarterly. The effective rate for the twelve months ended December 31, 2006 was 7.96%. From the Filing Date through December 31, 2005, Grace accrued interest on pre-petition bank debt at a negotiated fixed annual rate of 6.09%, compounded quarterly.

3. Other Balance Sheet Accounts

| (In millions) | December 31, 2006 | Filing Date |
|---|----------------------|----------------|
| Inventories | | |
| Raw materials | \$ 20.8 | \$ 20.3 |
| In process | 23.3 | 16.2 |
| Finished products | 65.4 | 63.8 |
| General merchandise | 14.3 | 9.6 |
| Less: Adjustment of certain inventories to a last-in/first-out (LIFO) basis | (50.9) | (29.3) |
| | \$ 72.9 | \$ 80.6 |
| Other Assets | | |
| Deferred pension costs | \$ 2.7 | \$ 227.9 |
| Deferred charges | 3.0 | 40.4 |
| Long-term receivables | 6.9 | 1.9 |
| Long-term investments | — | 2.1 |
| Patents, licenses and other intangible assets, net | 23.5 | 25.2 |
| Pension — unamortized prior service cost | — | 8.1 |
| Other assets | — | 2.9 |
| | \$ 36.1 | \$ 308.5 |
| Other Current Liabilities | | |
| Accrued compensation | \$ 50.9 | \$ — |
| Accrued commissions | 6.5 | — |
| Customer programs | 25.8 | — |
| Accrued utilities | — | — |
| Accrued freight | 3.2 | — |
| Accrued reorganization fees | 24.9 | — |
| Other accrued liabilities | 37.2 | — |
| | \$ 148.5 | \$ — |
| Other Liabilities | | |
| Deferred royalty income — non-filing entities | \$ — | \$ 31.5 |
| Pension — underfunded plans | 242.8 | — |
| Other accrued liabilities | 37.3 | — |
| | \$ 280.1 | \$ 31.5 |
| Other Liabilities Subject to Compromise | | |
| Other postretirement benefits | \$ 68.1 | \$ 185.4 |
| Environmental remediation | 361.1 | 164.8 |
| Retained obligations of divested businesses | 18.0 | 43.5 |
| Special pension arrangements | 91.2 | 70.8 |
| Deferred compensation | 3.5 | 8.2 |
| Self insurance reserve | 11.9 | 11.8 |
| Accrued interest on pre-petition liabilities | 51.4 | — |
| Other accrued liabilities | 4.4 | 82.1 |
| | \$ 609.6 | \$ 566.6 |

Accrued compensation in the table above includes salaries and wages as well as estimated amounts due under the annual and long-term incentive programs. Other liabilities in the Consolidated Balance Sheet includes amounts expected to be paid under these programs on or after January 1, 2008.

4. Life Insurance

Grace is the beneficiary of corporate-owned life insurance ("COLI") policies on certain current and former employees with a net cash surrender value of \$89.2 million at December 31, 2006. The policies were acquired to fund various employee benefit programs and other long-term liabilities and are structured to provide cash flow (primarily tax-free) over an extended number of years.

The following table summarizes the components of net cash value at December 31, 2006 and Filing Date:

| Components of Net Cash Value (In millions) | December 31, 2006 | Filing Date |
|---|----------------------|----------------|
| Gross cash value | \$ 114.7 | \$ 453.7 |
| Principal – policy loans | (25.0) | (390.3) |
| Accrued interest – policy loans | (0.5) | 0.7 |
| Net cash value | \$ 89.2 | \$ 64.1 |
| Insurance benefits in force | \$ 197.9 | \$ 2,286.0 |

Grace's financial statements display income statement activity and balance sheet amounts on a net basis, reflecting the contractual interdependency of policy assets and liabilities.

In January 2005, Grace surrendered and terminated most of its other COLI policies and received approximately \$14.8 million of net cash value from the termination.

5. Debt

On December 31, 2006 and the Filing Date, Grace's debt was as follows:

| Components of Debt (In millions) | December 31, 2006 | Filing Date |
|--|----------------------|----------------|
| Debt payable within one year | | |
| DIP facility | \$ – | \$ – |
| Other short-term borrowings and related fees payable | – | – |
| | \$ – | \$ – |
| Debt payable after one year | | |
| DIP facility | \$ – | \$ – |
| Other long-term borrowings | – | – |
| | \$ – | \$ – |
| Debt Subject to Compromise | | |
| Bank borrowings | \$ 500.0 | \$ 500.0 |
| 8.0% Notes Due 2004 | – | 5.7 |
| 7.75% Notes Due 2002 | – | 2.0 |
| Other borrowings | 13.8 | 1.2 |
| Accrued interest | 225.7 | 2.6 |
| | \$ 739.5 | \$ 511.5 |
| Annualized weighted average interest rates on total debt | 7.9% | 6.1% |

In April 2001, the Debtors entered into the DIP facility for a two-year term in the aggregate amount of \$250 million. The DIP facility is secured by a priority lien on substantially all assets of the Debtors with the exclusion of foreign stock holdings, and bears interest based on the London Interbank Offered Rate (LIBOR). The Debtors have extended the term of the DIP facility through April 1, 2008. Grace had no outstanding borrowings under the DIP facility as of December 31, 2006; however, \$55.4 million of standby letters of credit were issued and outstanding under the facility. The letters of credit, which reduce available funds under the facility, were issued primarily for trade-related matters such as performance bonds, and certain insurance and environmental matters.